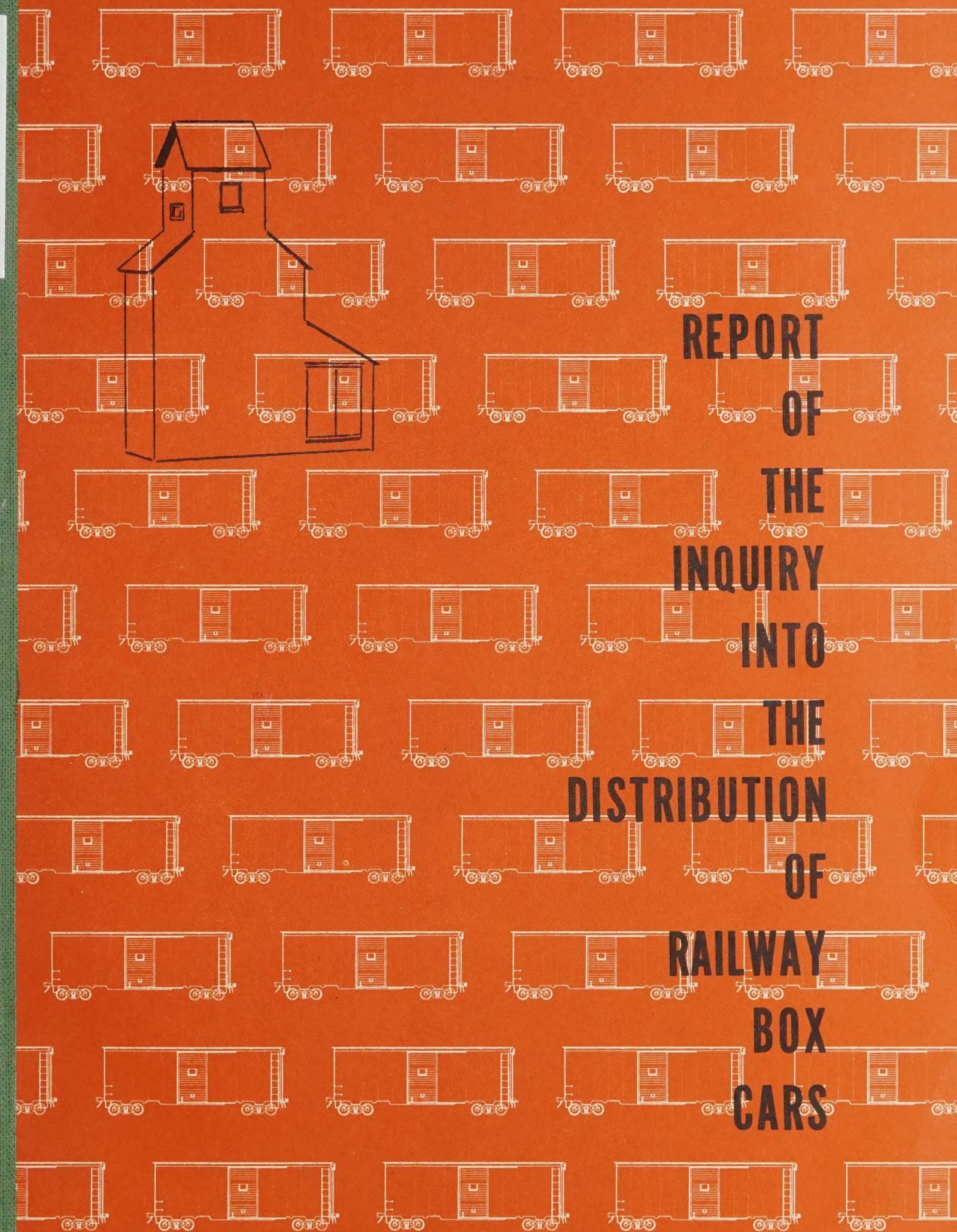


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REPORT

OF

THE

INQUIRY

INTO

THE

DISTRIBUTION

OF

RAILWAY

BOX

CARS



REPORT OF THE INQUIRY INTO  
THE DISTRIBUTION OF RAILWAY  
BOX CARS



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Canada. Railway Box Cars for the  
" Movement of Grain, Royal Commission  
on the Distribution of

REPORT  
OF THE INQUIRY INTO  
THE DISTRIBUTION OF  
RAILWAY BOX CARS



by  
JOHN BRACKEN



REPORT  
ON THE INDUSTRIAL  
DEVELOPMENT OF  
THE USSR

700432  
30.4.59  
John Morgan

Ottawa, Canada,  
December 10, 1958.

The Honourable Gordon Churchill,  
Minister of Trade and Commerce,  
Ottawa, Canada.

Dear Mr. Churchill:

I beg to present herewith my report of the Inquiry authorized by Order-in-Council, P.C. 1958-181 of January 31, 1958, relating to the distribution of railway box cars for the movement of grain amongst country elevators at individual shipping points in Western Canada.

Yours faithfully,

JOHN BRACKEN,  
*Commissioner.*



## INSTRUCTIONS TO THE COMMISSIONER UNDER ORDER-IN-COUNCIL P.C. 1958-181

*Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 31st January 1958*

The Committee of the Privy Council, on the recommendation of the Minister of Trade and Commerce, advise that John Bracken, Esquire, of Manotick, in the Province of Ontario, be appointed to inquire into the distribution of railway box cars for the movement of grain amongst country elevators at individual shipping points in Western Canada and to recommend procedures or methods by which as high a degree of equity and efficiency as possible may be achieved in the aforesaid distribution of railway box cars, particularly during periods of congestion, taking into account all relevant factors, including, without restricting the generality of the foregoing, such factors as:

- (a) the desire of producers to deliver grain to elevators of their choice;
- (b) the car order book provisions of the Canada Grain Act;
- (c) the requirements of export and domestic markets for particular kinds and grades of grain;
- (d) the necessity, under conditions of congestion, of utilizing all elevator facilities to the maximum extent, taking into account the relative ability of individual companies to handle grain at both primary and terminal points;
- (e) the desirability of maintaining Canadian Wheat Board delivery quotas on as equitable a basis as possible;
- (f) the desirability of making the most economic use of railway rolling stock;

and to report thereon to the Minister of Trade and Commerce.

R. B. BRYCE,  
*Clerk of the Privy Council.*



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## CHAPTER I

# Origin of the Problem

The box car distribution problem arose as a direct consequence of two basic facts:

- (1) The large pile-up of grain arising from the extraordinarily heavy crops since 1950. For example, the production in 1952 was 1,338.0 million bushels, the largest crop by far ever produced in Western Canada, with average production (1950 to 1956 incl.) of 1,072.2 million bushels also the largest by far of any similar period in the past—some 201 million bushels higher than the average of the 20 years (1937-1956), and 361 millions higher than the average of the 5 years (1945 to 1949).
- (2) The fact that the Canadian Wheat Board, as administrator of the Canadian Wheat Board Act, was unable to sell all the wheat, oats and barley that were annually produced for interprovincial and export trade.

As a consequence of these two facts, the total carryover of grain at the end of each of the last four crop years was 735 million, 828 million, 1,120 million and 904 million bushels respectively. The carryover of wheat alone in 1956-57 was 730 million bushels, also the largest carryover of wheat ever known in Canada. The elevators were thus frequently full of grain and large quantities still held on farms when a new crop was ready to harvest.

The situation was very tersely stated by the United Grain Growers Limited in its submission to the Commission as follows:

There is a fundamental cause for this Inquiry which, although not expressly set forth in the terms of reference, is nevertheless implicit therein. It is that we have in Western Canada more grain than can be promptly marketed, and more than available storage will accommodate. The Canadian Wheat Board cannot sell grain as rapidly as it would like to do; the railways cannot move the grain forward at a rate to correspond with their ability; the elevator companies cannot keep their receiving and shipping machinery fully employed for the very reasons that keep their storage bins full; the farmer is unable to deliver all

his grain and get paid for it, instead he must hold large quantities on his farm. The producer, unable to cash in on the full value of his grain, spends more slowly than he would otherwise do and the whole economy of the country is affected. Difficulties and inconveniences are experienced by many persons and neither law nor regulation can provide a remedy. The whole situation has been accepted with a remarkable degree of tolerance and goodwill, actual complaints have been few and when occurring have mainly been due to misunderstanding. We believe that situation will continue and that this Inquiry will prove to be useful mainly by making facts clear and removing grounds for misunderstanding.

The large production referred to came about as a result of two factors: the favourable crop-growing seasons since 1950; and the cumulative effect of agricultural research and experimentation on crop production, soil management, and insect and disease control, during the last half century.

The legislation providing for the establishment of the Canadian Wheat Board was passed in 1935 to meet the marketing problems of that period. This statute with later amendments, has put in the hands of that Board the power and the responsibility to buy and sell all of the wheat, oats and barley produced by some 230,000 farmers for interprovincial and export trade.

The three Provinces chiefly affected (Manitoba, Saskatchewan and Alberta) are largely dependent upon agriculture for their prosperity. The agriculture of these areas has had to be built upon climatic factors which vary widely from time to time and which cannot be altered by man but which now can be better understood by him and better met. It had also to be built upon soil factors which have been predetermined by the geologic and climatic conditions of past centuries, but whose effects are now subject to some modification by man.

The chief climatic factors are rainfall, which is necessary to grow crops, and a growing season or frost-free season long enough to prevent serious injury from frost. As to the rainfall,

## *Inquiry into the Distribution of Railway Box Cars*

most but not quite all of the area has what is known as a semi-arid climate, namely less than 20 inches per year.

Within this limited precipitation the climate is characterized by wide departures from the average which result in some years and in some cycles of years in drought conditions and low yields, while in other years and other seasons there is heavy precipitation and large yields. The Thirties were typical of the former conditions, the Fifties typical of the latter. The Thirties gave us the drought problem with all its distressing consequences, the Fifties gave us the heavy production and large carryovers which have left us today's problems including those we are facing in the particular task before us.

As to the climate, whatever has happened in the past, favourable or unfavourable, can be expected again sometime in the future. As to the ill effects of drought to come, they will probably not be as serious as in the past because both science and experience have shown how they can be mitigated to a considerable degree. As to the probability of recurring periods of heavy production with box car problems such as we now have, no one can read the future more than to predict, as with drought, that years and periods of heavy production will occur again, as in the past, at intervals no one can foretell.

The major factors contributing to the present congestion of grain in the Prairie Provinces—most of them likely to be continuing factors—may be outlined briefly as follows:

- (1) The settlement of the Palliser Triangle, the driest part of the Prairie area, in the

early decades of this century—some of it having less than 15" of precipitation per year.

- (2) Subsidies paid growers in importing countries which tend to increase their production and thereby lessen purchases from exporting countries such as Canada.
- (3) Subsidies paid by exporting countries which tend to increase production of grain in these countries.
- (4) The fear of war in importing countries—a fear which encourages nationalistic policies aimed at assuring the maximum of grain production to meet the home needs in case of war.
- (5) Marketing policies of the leading exporting countries which tend to delay sales in the hope of more favourable prices, thus sometimes contributing to large carryovers of unsold grain at the end of the crop year.
- (6) Indirect subsidies to crop failure areas regarded as socially necessary but which tend to perpetuate farming on marginal and submarginal lands, the latter of which would be better put to other use.

It should perhaps be mentioned here that the incidence of this problem bears more heavily on the straight grain growing areas than on those where some diversification is followed. In the latter, domestic use can be made of more coarse grains and of feed wheat; in the former practically all of the grain other than seed must be sold off the farm rather than utilized on it. Since the quota system affects all farms more or less uniformly, the stocks remaining unsold on the grain farms are usually much greater than in the mixed farming areas.

## CHAPTER II

### Commission's Approach to the Problem

The first task undertaken by the Commission was to try to understand the problem in all its aspects.

We examined the recent correspondence from the West to the Departments of Agriculture, and Trade and Commerce, that was relevant. Typical of what we had before us was (1) the letter from the President of the Manitoba Pool Elevators, criticizing the present system of handling box cars, (2) the resolution passed by the United Grain Growers Limited in January of this year, requesting that an official investigation be made, and (3) the common viewpoint of many hundreds of farmers as expressed then and later in letters now on file in the Department of Trade and Commerce.

The substance of the letter from the President of Manitoba Pool Elevators was as follows:

My Board and I and our 30,000-odd numbers are not satisfied with the present distribution of shipping orders and cars at competitive shipping points. Neither have we been persuaded that it is not possible to devise a more satisfactory one. I take the position that the farmer pays the freight—that can not be denied. I also state categorically that the western grain farmer is the only shipper in Canada who is denied the privilege of using the warehouse of his choice.

I appreciate that the Board must at times ship quantities and kinds of grain required to meet the market, and admit that at times there will be apparent inequalities as to the number or percentage of cars authorized between companies at certain competitive points, but I do not admit that over the year there can not be a much more satisfactory distribution than there is at present. Only on the most rare occasions should it be necessary to ship from an elevator that has adequate space at the moment, and at the same time deny or give lesser shipments to an elevator at the same point that is full, with the excuse that it is necessary to move that kind of grain to meet a particular demand.

Recently it has become rather obvious that whatever formula is being used is designed to protect vested interests, and ignores the shipper who pays the freight. I suggest that is an untenable political position.

The United Grain Growers' Resolution re Car Allocation read:

It was moved and seconded:

That the President submit the following to the Western Agricultural Conference as a substitute motion on the subject of car allocation:

WHEREAS the right of the farmer to deliver to the elevator of his choice is a principle which has been fundamental to the Canada Grain Act since the Act was first passed;

AND WHEREAS any difficulty now experienced by farmers in delivering grain arises from the congested condition of country elevators, the policy followed by the Canadian Wheat Board in its efforts to equalize the quotas in accordance with the demand of farm organizations, and the overriding necessity of that Board to be able to move forward the type of grain required for its export needs;

AND WHEREAS the allocation of cars is now under the control of the said Board following a lengthy hearing by the Committee of Agriculture of the Parliament of Canada in 1955, but some dissatisfaction is being voiced with respect to the Board's policy of allocating cars;

BE IT RESOLVED that the Government of Canada refer this question to an impartial tribunal in order that full public discussions may be held of the competitive advantages or disadvantages now experienced by any operating group or company and of any disability in making deliveries now being experienced by any farmer or group of farmers, all with a view to considering whether any better plan may be evolved in the national interest.

Typical of the point of view of many farmers were three submissions which reached us later in the Province of Saskatchewan. One was from an individual farmer, one from a large operator of farms, and one was from a group of fifty farmers.

These three submissions are quoted in part hereunder.

The first read as follows:

I am a young married man who started farming about 5 years ago, have had good crops and still can't seem to get ahead. The elevator I wished to haul to was always plugged so I was forced to haul my grain to an elevator I normally would not deliver to so as to get my hands on some money to buy groceries.

## *Inquiry into the Distribution of Railway Box Cars*

Why should one company have so much room and seem to have no trouble to get shipping orders and box cars while the other one was always in continual difficulty?

I would like to have the privilege to haul my grain to the elevator of my choice.

The second submission read as follows:

To THE CHAIRMAN AND MEMBERS OF THE BRACKEN COMMISSION:

Gentlemen:

I greatly appreciate the privilege of having this opportunity to present a short brief on behalf of the firm I represent, to your Commission which is enquiring into the distribution of box cars on the Prairies.

In order to substantiate my interest and concern in this matter may I state, as the President and Manager of my firm, I am responsible for the supervision and management of a considerable acreage of cultivated land, most of which is owned by non-residents and all of which is leased on a share of crop basis. We sell grain to the Saskatchewan Wheat Pool and five or six Line Companies at approximately fifteen marketing points in the area, and I am listing this information only for the purpose of establishing the fact that I have no bias as between any of the marketing agencies.

May I first respectfully suggest that I firmly believe every individual in possession of a Permit Book issued by the Canadian Wheat Board should have complete freedom as to where he may deliver his grain, and when he may deliver it subject to delivery quotas and space being available. He should not be dictated to by any group or agency in this respect, nor should he be compelled by legislation to deliver his grain to any purchasing agency of the Canadian Wheat Board other than that of his own choice, which he should be free to change at his own discretion.

I further believe that no monopoly should be created or exist which would interfere with the competitive purchasing of grain, since this would undoubtedly re-act to the disadvantage of the individual producer and the disruption of established business firms.

I would commend the Canadian Wheat Board for the efficient manner in which that organization has dealt, under trying and difficult conditions, with the many problems coming within its jurisdiction and affecting the farmers of Western Canada, at the same time recognizing that hardships have been caused in some cases due to an inequitable distribution of box cars. I believe that a closer and more practical liaison between the Canadian Wheat Board and the Railway Companies could improve this situation greatly.

I would further respectfully suggest that competition in the purchasing of grain is essential to ensure that there be no discrimination against a producer, and to ensure that the business of grain purchasing might be maintained in a healthy condition.

I believe that all elevators should have an equal opportunity to ship grain for which they have orders or for which there is room in the terminals in order

that competition may be encouraged and that grain for which there is a demand or for which there is room should be moved from the country elevators as soon as possible in order to allow grain deliveries from the farms with the least possible delay. This would relieve inadequate storage facilities on the farms and provide producers with funds at an earlier date with which to meet their financial commitments, and so relieve the necessity of Cash Advances and Loans on farm stored grain to some extent.

I further believe that one of the most vital factors connected with the distribution of box cars would be the proper allocation of orders by the grain companies. It seems in many cases that single marketing points are discriminated against and a more practical basis or program of allocating orders by the various grain companies to their respective country elevator points would result in a more even and equitable flow of grain. Surely an equal distribution of orders with prompt service by Railway Companies to those points where orders have been granted would greatly improve orderly and equitable marketing.

It further appears logical that a better public relations program for the producer by the Canadian Wheat Board would have the effect of reducing criticism of Wheat Board policies, some of which criticism is unwarranted. This should also have the effect of raising the morale of Western Canadian farmers, many of whom, through lack of knowledge, have felt that no effort was made to give consideration to their difficulties. A proper outlook by the producer is an asset to Western Canadian agriculture, and this should be encouraged.

In summing up the thoughts contained in this brief, may I once again stress that the freedom of the individual is a basic right in our Canadian democracy, and respectfully suggest that no action be taken to destroy this freedom as it applies to a Canadian farmer marketing his product; that competition is essential to a healthy economic condition and that no monopoly be allowed in the purchasing of grain; that the Canadian Wheat Board, the Railway Companies and the Grain Companies work together more closely and in a more practical way to ensure equality to the greatest possible degree in the movement of grain; that the Canadian Wheat Board, on whose operations the welfare of the Western Canadian farmer so greatly depends, encourage a proper outlook by the producer on the operations of the Board through more public information.

I am confident that when your Commission has completed its hearings it will have a very complete picture of the box car distribution over the Prairie Provinces, and trust that your recommendations may be of great assistance in improving a situation which has been the cause of so much concern on the part of those dependent on the marketing of their grain for their existence.

The third submission read as follows:

This submission was prepared as a result of a meeting of two groups consisting of about fifty farmers.

## *Commission's Approach to the Problem*

Let us say at the outset we appreciate this opportunity of appearing before you. We commend your decision to invite the farm people to express their opinions at Public Hearings.

At the time of writing, June 16th, delivery quota is 4 bushels. We note that many points have a six bushel quota.

At the end of the last crop year the delivery quota was 5 bushels. Many points were on a 6 bushel quota. We would like to point out that the existing quota at a shipping point is a result of the shipping space made available to it. We would also point out that the existing quota reflects the cash income to the producer from grain marketings.

We are in full agreement with the principle of marketing through the Canadian Wheat Board. Under this system producers are assured of the equality in price. We believe we must go further and assure equality in delivery opportunity. This can only be done by providing equality in shipping space between shipping points.

We would point out that farmers at a low quota point at the end of a crop year have no way of equalizing their deliveries with farmers at a high quota point. There is also no way of farmers who have no grain to deliver as a result of hail, etc., of equalizing deliveries with their neighbors at the same shipping point.

We believe this Commission in its findings must be guided by the thought that the elevator at a point that gets the business should also get the cars. We would recommend that a system be devised whereby box car distribution between elevators at a shipping point should be based on the day to day receipts at each elevator. This would mean that all producers would indicate their choice by the simple method of delivering to it. It would also mean that if he wishes to switch to another elevator, that amount of shipping space would go with him. It would mean that if he wishes to deliver part of his grain to different elevators a portion of shipping space would be made available to each elevator.

We would urge that if such a system is devised the producer's right to order a car under the car order book sections of the Canada Grain Act be retained.

We cannot agree with the recommendations that an annual ballot be taken to indicate the producer's preference of elevators. We do not wish to be tied to delivering to any one elevator regardless of the company.

We would urge that railways be required to spot box cars in an orderly manner rather than a large number at one time as is sometimes the case.

We would urge that every effort be made to keep quotas equal between shipping points. We recognize that this is difficult, but would again point out that we must have not only equality in price, but equality in delivery opportunity to fully have orderly marketing.

The Government of Canada has recognized in appointing this Commission that problems do exist in box car distribution. We have pointed out some of these problems to you and the effects they have had at this point. It is our hope that these few suggestions will assist the Commission in its deliberations.

We reviewed the proceedings of the Standing Committee on Agriculture and Colonization of the House of Commons for the years 1953, 1954, 1955 and 1956, all of which will be found in the published records of that Committee. The three more important recommendations of that Committee are as follows:

*2nd June 1954*

Your Committee was seized with the difficulties of moving grain in times of successive record production, commends the Minister of Trade and Commerce for his active consideration of the problem and recommends it to his continued study.

*9th June 1955*

Your Committee gave particular study to the difficulties of moving grain at this time of relative congestion and the inherent problem of the equitable distribution of box cars.

Your Committee was seized with the present necessity of Wheat Board shipping orders having overriding priority. This Committee recommends that the Wheat Board allocation of shipping orders be carried through, by the Wheat Board issuing instructions to the railways to spot box cars at elevators at each shipping point in proportion to the Wheat Board orders approved for that point.

*19th July 1956*

Your Committee expresses its appreciation of the efforts made to secure an equitable distribution of cars under very difficult circumstances and recommends that the Wheat Board call a conference of all parties concerned in the production, marketing and transportation of western grain to discuss the possibility of further improvements in the distribution of box cars and the transportation of grain.

We also read the debates in the House of Commons and the Bills introduced by Mr. Hazen Argue, M.P., on this subject. These Bills expressed what in his view was considered advisable at the time but none of them received the approval of the House. One of them more or less typical of all, read as follows:

### **BILL 186**

#### *An Act to amend the Canada Grain Act.*

(Distribution of Box Cars)

#### **PART I.**

1. *The Canada Grain Act*, chapter 5 of the statutes of 1930, is amended by inserting therein, immediately after section 72 thereof, the following sections:

72a. Any producer, as defined in section 12 of *The Canadian Wheat Board Act*, 1935, may before the first day of October in any year, enter in the car order book his acreage seeded to grain as shown in his Permit Book pursuant to sections 15 and 16 of the said Act, and may assign that acreage among the elevator companies at his marketing point.

## *Inquiry into the Distribution of Railway Box Cars*

72b. If, at any time, no unfilled application for a car appears in the car order book at a marketing point, the railway agent shall then apportion railway cars among the elevator companies in the proportion that the acreage has been divided among the elevator companies.

After reviewing the situation as it appeared in February last, we met representatives of the Federal Departments of Agriculture, and Trade and Commerce, and obtained such basic information as they were able to give. Needless to say, this was very generously provided by officials of these Departments.

Following this we proceeded to meet informally all the administrative, commercial, and farmer organizations affected, after which we asked from each, and later received from them, their carefully considered views. Among those we contacted were the following:

1. Manitoba Farmers' Union
2. Saskatchewan Farmers Union
3. Farmers' Union of Alberta
4. Manitoba Pool Elevators
5. Saskatchewan Wheat Pool
6. Alberta Wheat Pool
7. United Grain Growers Limited
8. North-West Line Elevators Association
9. Canadian Pacific Railway Company
10. Canadian National Railways
11. Hudson Bay Route Association
12. Shippers' & Exporters' Association of the Winnipeg Grain Exchange

13. Feed Industry of the Prairie Provinces
14. Saskatchewan Wheat Pool Employees' Association

In the intervening period between the time this information was sought and the replies were received, we held several meetings in Winnipeg with the Canadian Wheat Board and the Board of Grain Commissioners. From these large and important administrative bodies and their officials we obtained all the data we thought to be relevant, much of it already public but some of it privileged and therefore not reported.

After receiving the representations of the fourteen organizations mentioned above, we asked them all to meet us in Winnipeg for discussions on their various proposals. These sessions occupied a period of nearly two weeks. At these meetings each of the organizations presented its views formally before all the others. After this was done each was asked to present its views, either critical or otherwise, on each of the other presentations made.

Subsequent to the Winnipeg meetings, other meetings were held at 16 rural points—4 in Manitoba, 8 in Saskatchewan and 4 in Alberta. This gave our staff opportunity to meet with some 6,800 farmers who presented us with 2,018 briefs, each from one or more farmers or farmer groups, some expressing only briefly the point of view of those making the presentation, but many presenting more extensive views on the problem as they saw it.

## CHAPTER III

# Interpretation of Instructions

The kernel of the task given us is to be found in the central part of the first paragraph of the Order-in-Council,—“to inquire into the distribution of railway box cars for the movement of grain amongst country elevators at individual shipping points in Western Canada”.

The distribution of box cars is just one of the operations in the movement of grain from country points to terminal or other points for delivery to the ultimate consumer.

This movement involves the following operations:

- (1) The periodic assessment by the Canadian Wheat Board of the amount of railway transportation that will be required during a specified future period to move the amount of grain required to meet export sales commitments, anticipated sales and domestic requirements and to make the best use of available terminal space.
- (2) Decision by the Canadian Wheat Board from time to time of the amounts of the specific grains or grades required to be moved forward.
- (3) The distribution by the Canadian Wheat Board to the elevator companies of shipping orders for the movement of the specific grains and grades to be moved forward.
- (4) The distribution of the shipping orders by the elevator companies amongst their different elevators.
- (5) The supplying of information weekly by the Canadian Wheat Board to the railways as to the quota, storage and car requirement position at each shipping point.
- (6) The placing of requests for box cars by the local elevator agent with the local railway agent on receipt of shipping orders from his head office.
- (7) The supplying of box cars by the railways to the different shipping points.
- (8) The distribution by the local railway agent of cars among the different elevators at his point.
- (9) The loading of the cars by the local elevator agent in accordance with his shipping orders, and in the order of priority laid down by the Canadian Wheat Board.
- (10) The unloading of the cars at the terminal or other point.

The farmers, the companies operating country elevators, the railways and the terminal elevator operators all have a direct interest in this movement, and it is obvious that the Wheat Board, in laying down procedures to effect this movement, should as far as is practical apply the principle of equity to all.

In times of congestion the movement of grain from country to terminal points has a direct bearing on the deliveries from the farm to the country elevator, and also on the amount of business the different elevators can obtain.

In order to achieve equity among the members of different groups it appears logical to suggest that the Canadian Wheat Board, which through its agents has title to the grain once it is delivered to the country elevator, should have the responsibility for this movement for all necessary procedures.

It should be strictly impartial in its dealings with all the different interests and should ensure that its agents—the country elevator operators—follow the procedures laid down, in order that the rights of all the different parties shall not be interfered with beyond what is unavoidable.

Railway box cars are used, among other things, for the movement of grain chiefly from country points to the terminal elevators. The country elevators number some 5,343 (as at December 1, 1957), and are located at 2,082 grain shipping points over the whole Prairie area. At about one-third of these shipping points (744) there is but one elevator company operating. At the others (1,338) there may be any number of elevators up to twelve; the average is between three and four.

## *Inquiry into the Distribution of Railway Box Cars*

In a period of congestion in order to avoid major inequities among producers, cars for the movement of grain, through the allocation of shipping orders, have been rationed by the Wheat Board among elevator companies and among different areas. The share of orders allotted to each elevator company pre-determines the share of elevator business each company will have, as under congested conditions receipts from farmers are governed largely by the amount of elevator space that can be made available through shipments by box cars. The distribution of orders by these companies to different areas has a bearing on the maintenance of the uniformity of the quota system of rationing deliveries which it has been found necessary to use. But more particularly the distribution of these cars to different elevators at individual shipping points determines whether farmers shall be restricted in their right to do their business where they choose, and also whether some of them will be restricted in their right to do business in their own elevators.

The problem of box cars for individual shipping points is therefore seen to be (1) how to preserve generally the right of the farmer to deal with the elevator of his choice and for some farmers who own their own elevator companies the right to use their own facilities for all their own business; (2) the related and equally important problem of how to achieve the fairest distribution possible amongst elevator companies without interfering with the right of each to earn what business it can in fair competition.

### **Equity, Efficiency, Congestion**

The Order-in-Council asks that we "recommend procedures or methods by which as high a degree of equity and efficiency as possible may be achieved . . . . particularly during periods of congestion".

*Equity*—Our interpretation of the term "Equity" in this context is that all members in each of the three separate economic groups involved—the producers, the elevator companies and the railways—shall receive equitable treatment. Obviously this can be achieved only if the regulations and procedures laid down are so framed as not to favour certain members of a

group to the detriment of the interests of other members of the same group.

*Efficiency*—It is a generally recognized principle in modern business that to achieve maximum results, the highest possible standard of efficiency must be maintained in each separate stage of any undertaking. Thus, in the handling of grain from producer to consumer, the flow of grain through the various facilities needed must be maintained on as high a standard of efficiency as is possible, both for the benefit of the producer and the general economy of the country. It is essential that the regulations and procedures laid down shall not tend to impair in any way the attainment of this objective.

*Congestion*—This is the term applied to the situation which arises when more grain is offered to the country elevators than they can take in; when more grain is available for shipping from country elevators than can be handled at the terminals; and when more grain is available in the terminals than the markets can absorb. Under such a situation the problems of maintaining "equity" and "efficiency" are magnified.

With this understanding of the three terms mentioned, a large number of questions pose themselves, for example:

- (1) Is it equitable to restrict the farmer in the exercise of his right to choose the elevator at which he wishes to do business? This to a large number of farmers is the right to do business at the elevator in which they have a financial interest.
- (2) Is it equitable for farmers with large yields to be restricted to the same deliveries as farmers with smaller yields?
- (3) Is it equitable for an elevator which attracts more business than its neighbour at a shipping point, to be handicapped in its efforts to handle the grain offered it, owing to not having received enough box cars?
- (4) Is it equitable for producers at one shipping point to be restricted in their opportunities to deliver grain owing to lack of box cars, caused by elevator companies favoring some other competitive points in the distribution of their shipping orders?

## Interpretation of Instructions

- (5) Is it efficiency in the use of transportation when grain is held unloaded in box cars for unnecessary lengths of time?
- (6) Is it efficiency in a time of congestion when space remains unfilled in country elevators?
- (7) Which of the following is the more equitable method of having box cars supplied to each company?
  - (a) in proportion to the number of elevators it owns, or
  - (b) in proportion to the capacity of the elevators it owns, or
  - (c) in proportion to the stocks in store held by each elevator company, or
  - (d) in proportion to the past business earned by each company, or
  - (e) in proportion to the permit books issued to the farmers by each company, or
  - (f) in proportion to the current deliveries made by farmers to each elevator or to each elevator company.
- (8) Should problems arising out of congestion be allowed to interfere with normal business principles?
  - (a) to the extent of restricting the farmer in the exercise of his right to choose the elevator at which he wishes to do business.
  - (b) to the extent of restricting the farmer in his right to do business at his own elevator, thus lessening the patronage dividends he would otherwise receive.
  - (c) to the extent of restricting the elevator companies in their right to earn all the elevator business they can under competitive conditions that are fair to all.

It is a part of our task to try to find a rational answer to these questions.

Each reader will no doubt have his own answer to each of these questions. We mention them because of the necessity for clear and unbiased thinking if we are to arrive at rational decisions as to procedures or methods regarding box car distribution.

## Relevant Factors

The Order-in-Council asks us to have regard, among others, to six "relevant factors" as follows:

- (a) *The desire of producers to deliver grain to elevators of their choice*

For more than half a century and until the time the Canadian Wheat Board commenced using the permit book which tied farmers to one shipping point, any farmer had the right to deliver his grain for storage or shipment to whatever elevator he chose, subject only of course to space being available. This right was first established under the Manitoba Grain Act 1900, Chapter 39, and was continued in the Canada Grain Act of 1912 which replaced the Manitoba Grain Act, and in all revisions of the Canada Grain Act to date. This Act is regarded throughout the Prairies as the grower's bill of rights.

In the present Canada Grain Act which is Chapter 25 of the Revised Statutes, 1952, this right to freedom of choice is found in Section 109 which reads as follows:

109. (1) Except as provided in section 108, the operator or manager of every licensed public country elevator shall, at all reasonable hours on each day upon which the elevator is open, receive all grain offered thereat for storage without discrimination and in the order in which it is offered, provided that there is in the elevator available storage accommodation for grain of the variety and grade of such grain, and of the character desired by the person by whom the grain is offered.

(2) Nothing in this section requires the operator or manager of any elevator to receive any grain that has become or is in a condition such that it is likely to become out of condition.

(3) Any breach of the provisions of this section is punishable on summary conviction by imprisonment for not more than six months or by a fine not exceeding five hundred dollars.

The right of the producer to obtain a box car to ship his grain, which right was established by statute in 1902, follows the same principle—the producer can load his grain through any elevator, or from a siding or from a loading platform.

Until the Wheat Board was authorized in 1941 to regulate deliveries by producers, the producer could generally exercise his right freely and deliver his grain to any public country elevator in the western division.

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Availability of space is of course the controlling factor in the producer's ability to deliver his grain to the elevator of his choice. In periods of non-congestion, when there is no burdensome carryover and grain is flowing steadily to markets, availability of space in the elevator of the producer's choice poses no problem except for perhaps relatively very short periods. Under the present conditions of congestion, however, availability of space in the elevator of the producer's choice presents a very real problem to the producer. Availability of space in the country elevator is largely controlled by the number of box cars allotted to the elevator for shipping out the grain it has taken in.

It will be generally agreed that the producer's first concern is naturally to deliver all, or as much as possible, of his product, as soon as possible. The Canadian Wheat Board has always been guided by this desire on the part of the producer. Another factor is the wish of the producer to obtain the highest possible returns for his product. With fixed prices now in effect, the only competitive factors left are grade, dockage, and service—so that the elevator of his choice may vary from time to time. There are of course a large number of producers whose choice of elevator will be the elevator in which they have a financial interest. A large proportion of these producers consider it important, also, that the competitive factor be maintained.

Under present procedures of the Canadian Wheat Board, farmers are denied certain—to them—basic rights. At present no farmer can deliver grain at more than one point and sometimes some of them cannot deliver all their grain to their own elevator.

The farmers are thus restricted in their freedom to do business where they choose, and some of them are also denied a part of the patronage dividends they would receive from patronizing their own elevator. The fact is that a basic freedom of all farmers has been interfered with and the income of some farmers from their investment in elevators has been lessened. The question now is not whether this is just—because it must be apparent that it is not—but whether present procedures have interfered with the exercise of these rights unnecessarily.

### *(b) The car order book provisions of the Canada Grain Act*

Over half a century ago the farmers of Western Canada were granted, by statute, the right to be supplied with railway box cars for the shipment of their grain either by loading through an elevator or from a loading platform or from a siding. This right is embodied in the car order book provisions of the Canada Grain Act.

These provisions (Sections 61 to 76 of the Canada Grain Act, Chapter 25 of the Revised Statutes of 1952) afford a means whereby persons who have grown grain or who own grain they desire to ship, may make application to the railway for a car in which to ship this grain. A car order book must be furnished by the railway company to its agent at each point from which western grain may be shipped. Cars must be distributed strictly in the order in which the applications are entered in the book except for out of turn cars ordered by the Board of Grain Commissioners. While there are differences as between elevator operators and other persons as to the number of outstanding applications they are permitted to have in the book, (elevator operators—two; other persons—one), there is no discrimination among different elevator operators or amongst different other persons.

The applicant for a car does not necessarily have to have the grain available for shipment when he makes application for the car; however if the applicant, after the car is placed pursuant to the application, does not give notice of ability and intention to load the car or loading has not commenced within the times specified in the Act, then the application is cancelled.

The applicant may stipulate a car of any standard capacity and must specify where the car shall be placed for loading, at a particular elevator, at a loading platform or on a siding. A person loading a car has the right (Section 115-2) to designate the terminal elevator or other consignee to which he wishes the grain to be shipped.

The Board of Grain Commissioners is empowered to direct the railway to distribute cars at a shipping point without regard to the outstanding orders in the car order book, if, for

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certain causes specified in the Act, it is essential that certain grain be shipped forthwith.

Provision for the use of car order books was first made by an amendment of May 15th, 1902 to the Manitoba Grain Act. This amendment, however, was repealed in 1903, being replaced by a more detailed enactment, which among other things provided that the railway had to spot or place cars at any elevator, or at any flat warehouse, or at any siding, or at any loading platform or elsewhere, as ordered by the applicants. This provision gave the producer the right to ship his grain independent of any elevator.

Another provision in this 1903 amendment was the prohibition of the transfer or sale of the right to a car. There was no restriction on the number of cars an applicant could order. All cars had to be awarded according to the order in time in which such orders appeared in the car order book, without discrimination between elevator, flat warehouse, loading platform or otherwise. However, if sufficient cars were not available to fill all orders then each applicant received one car in turn until all orders had been supplied.

The Manitoba Grain Act became Chapter 83 of the Revised Statutes of 1906 and carried the same provisions in regard to car distribution. By an amending Act in 1908 provision was made for the appointment of custodians of car order books at flag stations or sidings, and for cars to be supplied out of turn to elevators in danger of collapse, or for the shipment of heated grain.

The Manitoba Grain Act was repealed by the Canada Grain Act 1912 (Chapter 27) and the car order book provisions were carried forward as Sections 195 to 207. Applicants could still order more than one car but, in case of car shortage, could not have more than one unfulfilled order on the book. The penalty for transferring or selling the right to a car still remained.

The Canada Grain Act, 1912, was repealed by the Canada Grain Act of 1925 (Chapter 32) but the car order book provisions in the new Act (sections 179 to 192) generally remained the same, as was the case in Chapter 86 of the Revised Statutes of 1927.

By the amending Act of 1929—Chapter 9—the car order book provisions were repealed and re-written with certain changes, as follows:

*Section 179* provided that every order for a car shall be entered in the car order book;

*Section 180*—Agent of an applicant can only act as agent for one application and no applicant can have more than one application in the book at one time;

*Section 181*—Pool member deemed to be owner of grain delivered by him to, or on account of, such organization;

*Section 182*—Orders to be made in triplicate;

*Section 184*—No car to be furnished to any applicant unless ordered in accordance with the provisions of this Act;

*Section 186*—Country Elevator applicants to receive two cars; other applicants one only;

*Section 190*—Board authorized, with approval of Governor-in-Council, to modify car-order provisions of the Act for the purpose of more fully protecting the interests of producers of grain and of facilitating the distribution of cars without discrimination as between producers, country elevators, or otherwise.

The penalty clause for transferring or selling the right to any car was dropped.

The Canada Grain Act, Chapter 86 of the Revised Statutes of Canada as amended in 1929, was repealed by the Canada Grain Act of 1930, Chapter 5. In the new Act the car order book provisions were again re-written as Sections 61 to 76.

While the previous Act, as amended, specified that every order for a car shall be entered in the car order book, Section 62 of the 1930 Act was not quite so specific. Section 62 requires the railway agent, on the request of the applicant, to fill in an application in the car order book. The new Act provided for the manager of an elevator to have two unfilled applications and other applicants one unfilled application. The provision regarding Pool members was not carried into the new Act.

There is no provision in this Act for the Board of Grain Commissioners to modify the car order book provisions.

On October 3rd, 1944, Order-in-Council P.C. 7594, under the War Measures Act (Chapter 206, Revised Statutes of Canada, 1927), ordered, in accordance with the Board's recommendation, as follows:

That where an application for a car for grain has been properly entered in the car order book, a subsequent change in the ownership of the grain, on or after

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delivery to a country elevator, will not affect delivery of it to a car so ordered.

This provision was embodied in the Canada Grain Act by Chapter 3 of the 1947 Statutes which added the following new subsection to section 62:

(4) Where an application by a person for a car to be loaded at a country elevator has been entered in a car order book, as provided in this section, and that person has delivered a car lot of grain to the elevator to be loaded in the car for which application is made, if, on or after delivery to the elevator the said grain become the property of any other person, such last-mentioned person may load the same grain into a car placed pursuant to the application.

It is noted that the Canada Grain Act does not govern the distribution of cars amongst elevators unless the cars are ordered through the car order book, with the exception of cars ordered out of turn by the Board of Grain Commissioners under Section 68 (2).

The car order book method of distributing cars among elevators at a shipping point has never been in general use at all shipping points; the statutory provisions in regard thereto have, however, acted as a safeguard for the producer and if at any time he had difficulty in obtaining a car for the shipment of his grain, he could always rectify the situation by making an application in the car order book.

If all cars were supplied through applications made in the car order book, then, so long as every elevator operator was desirous of shipping grain, each elevator would receive the same number of cars, except for producers' cars loaded through the elevator.

The restrictions on producers' deliveries in times of congestion of storage facilities and control of shipments from country elevators on a selective basis by the Canadian Wheat Board, renders the car order book inoperable by the great majority of producers. A Justice Department ruling in 1955 that elevator operators purchasing grain for the Canadian Wheat Board are not owners of such grain, precludes the elevator operators from making applications in the car order book for the shipment of Wheat Board grain (wheat, oats and barley). They are also precluded from loading a car supplied on the application of a producer who sells the grain to the Wheat Board before the car is supplied, thus making inoperable the provision of the 1947 amendment to Section 62. Neither the Board of Grain Commissioners nor the Canadian Wheat

Board is empowered to suspend the operation of the car order book, but under the Transport Act the operation of the car order book was suspended by the Transport Controller on two occasions, as follows:

From December 4th, 1951 to July 14th, 1952

From October 19th, 1953 to December 13th, 1953.

The Legislation providing for the appointment of a Transport Controller expired on May 31st, 1958. There is now no provision in the Statutes for the appointment of such an official.

*(c) The requirements of export and domestic markets for particular kinds and grades of grain*

In a period of congestion when each year's production of grain cannot all be sold, it is especially important that nothing be allowed to interfere with the efficiency of the sales organization. The Wheat Board's annual sales for 1951-52 and 1952-53 exceeded 1,000 million dollars and the average for the years 1950-51 to 1956-57 was some 815 million dollars. It will be clear that in this huge business enterprise, in which Canada competes with every other wheat exporting country, the maximum of sales must be accomplished in the interests of the general economy as well as of the farmers. For this reason, the Canadian Wheat Board exercises its statutory authority to have only such grain brought forward from country elevators to the terminals as is in demand at the time, or is likely to be in greatest market demand in the near future. This leaves other classes and grades of grain in a country elevator for shorter or longer periods of time, thus sometimes precluding such elevators from receiving cars that would otherwise be their portion. While this creates an inequity, it is widely accepted by all farmers as being wise and necessary. The point of importance to remember in this connection is that no unnecessary procedure should be put into use that would in any way lessen maximum sales.

*(d) The necessity, under conditions of congestion, of utilizing all elevator facilities to the maximum extent, taking into account the relative ability of individual companies to handle grain at both primary and terminal points*

Under conditions where all the farmers' grain cannot be sold at the time growers wish, it is

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important that they be enabled to sell as much as possible. Under the Canadian Wheat Board Act they must sell all their wheat, oats and barley that enters into export or interprovincial trade to the Canadian Wheat Board. Until they get this grain into an elevator they are unable to receive payment for it. It will be readily seen, therefore, that only by the utilization of elevator space to the fullest extent possible, can the maximum of sales be made by the farmers.

In the administration of the procedures now in effect under the Canadian Wheat Board, there have been periods when appreciable proportions of the total space in country elevators has not been utilized. Some of this is regarded as necessary for "working space". But to the extent the balance is not used, farmers' deliveries have thus temporarily been cut down.

The causes of this space not being utilized are several, but one of them is the administration of the quota system which has been introduced by the Wheat Board to ration producers' deliveries equitably, as a measure of social justice, in a period when complete freedom to sell would result in a considerable degree of chaos. Another reason is that many farmers object to being pressured into using the elevators of their competitors, by having shipments from their own full elevators unnecessarily embargoed.

To administer a quota system in perfect equity is not physically possible for several reasons which most people readily appreciate. But one factor in particular has given cause for contention. It arises from the fact that some elevators do business disproportionate to their relative capacity, and when they do not get cars in keeping with their greater business such elevators become full and are therefore put out of business so far as additional deliveries to them are concerned. The patrons of such a full elevator sometimes object to the Wheat Board increasing the quota at that point until some cars have been provided to their elevator, so that it, as well as others, would be free to compete for new business. This is one of the contentious points which gave rise to the appointment of this Commission. It bears directly on the distribution of box cars at individual points.

### (e) *The desirability of maintaining Canadian Wheat Board delivery quotas on as equitable a basis as possible*

The quota system introduced by the Wheat Board is a system of rationing deliveries among farmers at a time when their total production cannot be marketed. It is thought of as a social measure rather than as a sound economic one. As a social measure it is considered advisable under existing conditions. As long as it is recognized as socially necessary, it is desirable that it be administered as equitably as is practicable; and as long as the pursuance of social justice does not interfere with the basic problems of production and sale, the quota system will no doubt continue in effect in some form.

With the introduction of this system, some of the rights granted to farmers under the car order book provisions of the Canada Grain Act have been overridden and these provisions for the time being have thus been made inoperative.

The quota system with all its merit as a measure of social justice is otherwise a most uneconomic device. It helps the vast majority of farmers to get some return early in the marketing season, but it denies to large numbers of farmers—usually those who have the larger yields—any sale whatever of a portion of their season's crop. Obviously the situation is one of compromise between social justice and sound economics. The answer by different people will be given in different ways, but parliaments in these days are inclined to base their decisions on social justice, at least until such time as they are found to damage seriously the basic economic structure. Without the quota system, under present conditions there would be chaos in the countryside, but its continuance on a uniform basis into the indefinite future will bring a new set of problems and will tend to restrict production in economic areas and to perpetuate production in marginal and submarginal ones, a tendency that most people regard as economically indefensible, except for limited periods of emergency.

Extreme efforts to maintain quotas at a uniform level throughout a designated area cannot fail to restrict in some degree the maximum use of elevator facilities. To hold down quotas in one area simply because in other areas there is not sufficient space available to warrant raising the quota often penalizes the producer in

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the first area without improving the situation of the producer in the other areas. With the great variations in production between areas as well as variations in elevator capacity, the more emphasis that is placed on maintaining quotas on a uniform basis, the less will some elevator facilities be used to the maximum extent. Hence, while both the quota system and "uniformity" of quotas are desirable, attempts to reach perfect uniformity can result in harm as well as good.

### *(f) The desirability of making the most economic use of railway rolling stock*

Railway box cars are owned by the railways. They have been constructed by the railways for transportation purposes—in this case they are used for the transportation of grain. When used for storage purposes by grain shippers it is an infringement upon the rights of the railways and contributes toward inefficiency in railway operations.

On some occasions in the past, railway box cars loaded with grain have piled up at terminal points in unnecessarily large numbers for unnecessarily long periods of time. To this extent they are being used for storing grain, rather than for transporting it, and since the railways up to now have been paid nothing for this storage and are during such periods denied the use of the cars for other purposes, the situation to this extent has been made uneconomic and therefore should be avoided as a general rule. Even for storage purposes, the cost of storing in cars is four or five times as great as storing in elevators.

Disregard for the capacity to unload at terminal elevators in allocating shipping orders leads to unnecessary delays in the turnaround of cars and contributes to inefficient use of railway facilities.

From the review of this brief "interpretation" of the Order-in-Council setting up this Inquiry some things will be obvious.

"Equity and Efficiency" in the environment of a semi-controlled segment of the economy are objectives having many aspects; some achievable, some defeating others, and some incapable of perfect attainment. This is a state of community development when harmony and tolerance among people reach their highest virtue.

The half-dozen "relevant" factors, and others not mentioned, hint at desirable things, some attainable to a degree, some working against each other, some incapable of perfection—all, taken together, constituting a challenge to rational procedure.

In the new non-communistic, non-reactionary economy such as now surrounds the grain trade there are but few travelled roads that have stood the test of time; there are new trails not long constructed that have yet to stand the test of wear.

It is in this atmosphere that prairie society with the aid and counsel of the central government must find its way. In the last half century that society has made astonishing progress in the face of great natural hazards. But the road ahead is not without its obstacles. Rational procedure from this time on, is the only assurance of steady and worthwhile gains. It is the hope of this Commission that its findings and recommendations will be found to be rational.

## CHAPTER IV

# Historical Background of the Box Car Distribution Problem

In most of the years prior to the outbreak of war in 1939, no serious difficulties were encountered in storing grain at country points and moving it forward by rail to terminal points, although in the years 1928, 1930 and 1932, production of the five principal grains totalled the very high figures of 973, 786 and 741 million bushels respectively.

While the Canada Grain Act and the Regulations thereunder specify the procedures to be followed in the receipt, storage and shipment of grain at country elevators, the only provisions in the Canada Grain Act relating to the supplying of box cars for the shipment of grain are in the car order book sections (61 to 76) of the Act, (See Ch. X, Sec. A 3). These provisions generally follow the principle laid down in the Railway Act, that the railway is required to provide service without discrimination as between shippers, and without discrimination as between areas. Under the car order book provisions of the Canada Grain Act there is no discrimination between operators of elevators, as each elevator operator is restricted to two outstanding applications in the car order book at one time, while each other person who has grown grain or who owns grain he desires to ship is restricted to one outstanding application.

While it is mandatory for the railways to provide a car order book at each point from which western grain may be shipped, its use is not considered to be mandatory, except on request of a shipper. In recent years, except in some areas, the car order book has not been generally used as a means of obtaining cars for the shipment of grain, nor as a mode of distributing cars among the different elevators at a shipping point.

When there has been a relatively free movement of grain from the prairies and sufficient box cars to meet shipping requirements, shippers (elevator agents or producers) could usually obtain all the cars required by placing a verbal order with the railway agent. At some points,

a mutual arrangement was often made by the elevator agents at the point as to the proportions in which the cars available would be distributed among the different elevators. In Alberta all elevator companies agreed, for one year only (1953-54), on an equal division of box cars among all the elevators competing at any one point. If a producer wished to load his grain through an elevator directly from alongside the track or from the loading platform, he could usually obtain the car through an elevator agent or the railway agent without having to make an application in the car order book.

The first serious problem in the distribution of railway cars among country elevators at individual shipping points arose at the beginning of the 1940-41 crop year. The 1939 production of the five principal grains totalled 822 million bushels, resulting in an unprecedented carryover at July 31st, 1940, of 360 million bushels, to which was added the production of 840 million bushels in 1940. In August, 1940, under the direction of the Transport Controller (Mr. T. C. Lockwood), the Board of Grain Commissioners set up a Car Control Committee under the chairmanship of Commissioner D. A. MacGibbon, with representatives thereon of grain handling and milling interests, the railways and the Canadian Wheat Board. This Committee established a thirty car cycle at all shipping points having two or more elevators. Each elevator then received its proportion of the thirty cars in the ratio that its capacity bore to the total capacity at the point. This car cycle system based on capacity was not generally accepted by the different interests as providing a satisfactory method of distributing box cars amongst elevators at the same shipping point. Difficulties unforeseen at first soon developed, and from time to time special agreements or exceptions had to be made in respect to various kinds of grain and various destinations. Discontent also developed on the part of some elevator interests

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seeking a different method of allocation more favourable to themselves. The Committee was disbanded in June, 1941, when, under the provisions of Section 6 of Order-in-Council P.C. 3849 dated May 30th, 1941, the Wheat Board was given complete control of the transportation and delivery of grain.

In October, 1941, the Wheat Board issued instructions that the allocation of cars would be made by the railways and in accordance with the terms of the Canada Grain Act. Elevator companies or individuals requiring cars were to apply to the railways who would be responsible for distribution. The Wheat Board instructed the railways to give preference to shipping points where space was required to permit delivery of the established general quotas.

In September, 1942, the Wheat Board appointed a Supervisor of Car Supply and reintroduced a system of local car cycles, but the allocation of cars among different elevators continued to be a troublesome problem.

In October, 1943, the Wheat Board announced a new policy for car allotment, on a thirty car cycle based on the percentage of receipts of each elevator at each delivery point during the 1938-39 and 1939-40 crop years combined, and while more realistic than the previous plan, this system did not fully meet the problem because of the necessity to move specific types and grades of grain, which interfered with the normal operation of the car cycle. This car cycle only remained in effect some six months or until April, 1944, when it was discarded, the Wheat Board advising that thereafter the allocation of box cars would be made by the railways in accordance with the terms of the Canada Grain Act. In its report for 1943-44 the Canadian Wheat Board stated:

When the Board assumed responsibility for car distribution it did so reluctantly and on the understanding that as soon as conditions permitted car distribution would be made in the normal way under the provisions of the Canada Grain Act.

It should be noted that in September, 1943, under a new wheat policy of the Government of Canada, the Canadian Wheat Board became the owner of all wheat in commercial positions in Canada and the sole buyer of wheat, thus removing a problem which formerly existed in respect of moving wheat owned by elevator companies.

From this time, with reduced production in the years 1945 to 1950 inclusive, and a relatively heavy export movement of Canadian grain, no serious problems arose in the allocation of box cars. But congestion at country shipping points developed again in the fall of 1951, when that year's production of the five principal grains—totalling 1,128 million bushels—came to be added to stocks already in store in country elevators at July 31st, 1951, amounting to 195 million bushels. The railways were confronted with requests for cars from all agents at all times. They adopted a policy of car placement, basis one car per elevator, which led to a move, particularly in Saskatchewan, to have car order books opened up at all stations in an effort to offset this method of distribution.

On August 29th, 1951, Commissioner R. W. Milner of the Board of Grain Commissioners was appointed Transport Controller by Order-in-Council P.C. 4558, with wide powers of regulation over the physical movement of grain and other bulk commodities by rail and lake transport. While the Transport Controller did not take any action in regard to the distribution of box cars between elevators at a shipping point, he received many complaints from different shipping points regarding inadequate supply. In co-operation with the Canadian Wheat Board and the railways, the Transport Controller where possible effected a measure of improvement in this regard.

At this time car order books were in operation at many points in Saskatchewan and to a lesser degree in Alberta and Manitoba, but many complaints were made regarding their operation. These complaints arose largely from the provision in an amendment to section 62 of the Canada Grain Act in 1947, that the right to a car applied for by a producer could be transferred to the elevator if the producer had sold the grain before the car was supplied. The Board of Grain Commissioners in its report for 1951 stated "Many complaints of inequity in car order book operations were investigated and the experience of the Board demonstrated that under this year's abnormal conditions the use of the car order book defeated the preference orders of the Canadian Wheat Board." On December 4, 1951, the Transport Controller after consultation with the Board of Grain Commissioners and the Canadian Wheat Board

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suspended the operation of car order books until July 31, 1952. This suspension was lifted on July 15, 1952. Again, after many complaints of irregularities in the use of the car order book, the Transport Controller after consultation with and the approval of the Board of Grain Commissioners and the Canadian Wheat Board, suspended the use of the car order book on October 19, 1953. This suspension was lifted on December 14, 1953.

During the three crop years 1951-52, 1952-53 and 1953-54, all of which produced very large crops, cars were supplied to the different elevators either through applications in the car order book, mutual arrangements amongst elevator agents or at the discretion of the railways.

The same procedure was followed in the 1954-55 crop year, although on August 1, 1954, the Canadian Wheat Board, in accordance with directions issued by the Government, after the problem had been discussed in the Standing Committee on Agriculture and Colonization, initiated a new procedure for obtaining its requirements of grain. This was done by the allocation of its shipping orders among the different elevator companies on a percentage basis determined by the Wheat Board after taking all relevant factors into consideration. Each elevator company then distributed its share of the orders amongst its different elevators, having regard to the desirability of shipping from the lowest quota points. The details of this formula have never been made public and it therefore became generally referred to as the "secret" formula.

It was found during the 1954-55 crop year that the distribution of cars by the railways, or on some local arrangement, resulted in a distribution where in many cases the number of cars supplied to the different elevators bore no relation to the percentage of orders held by the different elevators at such shipping points.

After discussions before the Standing Committee on Agriculture and Colonization in the spring of 1955, the Committee recommended as follows:

This Committee recommends that the Wheat Board allocation of shipping orders be carried through by the Wheat Board issuing instruction to the railways to spot box cars at elevators at each shipping point in proportion to the Wheat Board orders approved for that point.

The actual order was issued to the railways by the Transport Controller on September 12, 1955.

A Justice Department ruling was issued in 1955 that licensees of country elevators are not owners of wheat, oats and barley stored in their elevators and purchased from producers for Wheat Board account. The Wheat Board by this decision was recognized legally as owners of such grain. This precluded the elevator operators from making applications in the car order book for Wheat Board grain, and also from accepting the right to load a car applied for by the producer, the grain for which had been sold to the Wheat Board before the car was supplied.

The wartime allocation of box cars and the development of present elevator congestion cannot be better summarized than was done by the United Grain Growers Limited in its presentation to the Commission. It was as follows:

### **Wartime Allocation of Box Cars**

Inauguration of the Canadian Wheat Board in 1935 and the subsequent development of that Board in 1943 into an exclusive marketing agency for all wheat, and in 1949 for western oats and barley, brought no alteration to the farmers' fundamental rights under The Canada Grain Act. Nor did the advent of war in 1939.

Between August, 1940 and April, 1944, various schemes of car allocation were in effect and from time to time were amended and then discarded. These warrant study, both because they provided examples upon which some of the various schemes recently advocated were based and because they provide the test of experience for such schemes. . . .

### **Termination of Wartime Congestion**

. . . Although both the car cycle and the objections to it had been based on the theory that each elevator company desired to ship forward the maximum quantity of grain, a reverse situation arose in the summer of 1944. A strong market demand developed for Canadian wheat, reflected in rising market prices and at the same time there appeared to be danger of crop failures in many areas. The Wheat Board therefore found a need for wheat at terminal points. However, it encountered reluctance on the part of some companies to forward grain from certain elevators. It therefore issued instructions to different elevator companies to ship forward considerable quantities. It based its shipping requisitions, not on the previous car cycles but rather upon the total amount of Wheat Board stocks in store by different companies. It threatened penalties upon those companies which did not comply.

War interrupted grain shipments and led to congestion of elevators. That reached its peak at July 31, 1943, when the Canadian wheat carryover stood at 595 million bushels and only about 10 million bushels of

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empty space remained in country elevators. Large export shipments were made and a period of rising prices began, as a result of which the Government closed the wheat market in September, 1943, and the Wheat Board became the exclusive marketing agency for Canadian wheat. The war time surplus of wheat disappeared rapidly during succeeding years and by July 31, 1946, the wheat carryover was down to 70 million bushels of which only about 11 million bushels remained in country elevators in contrast with more than 61 million bushels at July 31, 1945. The Wheat Board reported that the crop year 1945-46 represented completion of a full cycle in the marketing of Canadian wheat—a cycle which began in 1938-39.

It said: "Up to the end of 1942-43 administrative problems confronting the Board were primarily concerned with storage of unprecedented quantities of wheat in Canada and the regulating of the delivery of grain from producers in accordance with available stor-

age space—In this period the transportation problem consisted of moving wheat to terminal and export positions to relieve congestion in country elevators in order to increase delivery opportunities for western producers—During the latter part of the war and the year following the war the grain transportation problem was one of moving maximum quantities of grain to seaboard to meet urgent demand."

The wartime carryover of grain had largely disappeared by 1946, but since then it has crept up at an unprecedented rate particularly since 1950 and 1951. The table from the submission of the United Grain Growers Limited which follows shows clearly what has happened. It provides the background for the controversies that were the occasion for this Inquiry.

Development of Present Elevator Congestion

	Total Production of All Grains in Prairie Provinces	Total Deliveries to Country Elevators	Total Shipments from Country Elevators	Year-End Stocks in Visible Position Excluding Farm Carry-Over
1949-1950.....	649,773,000	463,527,000	454,096,000	138,236,000
1950-51.....	866,733,000	564,642,000	484,820,000	245,335,000
1951-52.....	1,128,850,000	737,396,000	681,326,000	315,937,000
1952-53.....	1,339,500,000	844,856,000	745,926,000	432,575,000
1953-54.....	1,147,150,000	608,337,000	580,362,000	473,856,000
1954-55.....	668,129,000	524,552,000	514,588,000	488,372,000
1955-56.....	1,038,800,000	567,268,000	534,881,000	486,363,000
1956-57.....	1,253,600,000	564,900,000	551,200,000	522,800,000

## CHAPTER V

# Present Procedures in the Movement of Grain from Country Position to Terminal Position

(As Outlined for the Commission by the Canadian Wheat Board)

The Canadian Wheat Board's position relevant to the transportation of grain can be divided into two main categories. First, and by far the most important, the Board must provide for the movement of grain (Wheat, Oats and Barley) from country position to terminal position for

- (a) export sales commitments
- (b) domestic requirements

Secondly, the Board must arrange for the movement of grain from country position to terminal position in order to make the best use of available terminal elevator space.

In respect to its export sales commitments and the related movement of grain, the Board in assessing these commitments considers

- (1) the availability of stocks to meet the commitment;
- (2) the time factor involved for meeting sales commitments;
- (3) the quantity of grain involved;
- (4) the quality or grade of grain involved;
- (5) the position where the sales commitment must be met.

In respect to item (5), there are four main areas where export sales are consummated; namely, St. Lawrence Ports, Atlantic Ports, Pacific Coast Ports and Churchill. With respect to Canadian domestic requirements, the Board gives consideration to the quantity and quality of grain required for domestic milling, feeding and processing; the location where these stocks are required and the availability of its supplies to meet these requirements.

Insofar as transportation is concerned, therefore, the Board's problems begin with the movement of grain from country positions. Constantly the Board reviews its sales position to determine the quantity and quality of grain which must be moved from country position to terminal posi-

tion to meet its export sales commitments, to provide for anticipated future export sales, to provide for domestic milling, feeding and processing requirements, and, to provide for the maintenance of its terminal stock position with respect to the proper proportion of grains and grades. From its sales position the Board determines the number of carlots of grain which, in its opinion, will be required during a specific period of time for shipment from country points. This information is supplied to and discussed with the proper officials of the railway companies in order that they can be fully informed of the car requirements necessary to meet the Board's program. This policy is under continuous review by the Board and is subject to variation to provide for any change in its sales position. The Board also continuously reviews the daily performance by the railway companies and by the elevator companies, in order to ensure that its program of shipments is being carried out.

The control of the movement from country position is now based on the directions issued by the Minister of Trade and Commerce, on behalf of the Government, in 1954 for the allocation of shipping orders to elevator companies, and in 1955 for the distribution of cars between elevators at shipping points on the basis of the percentage of shipping orders held by each elevator at the point.

The directions issued by the then Minister of Trade and Commerce are contained in the following two letters, the first to the Chief Commissioner of the Canadian Wheat Board and the second to the Transport Controller.

July 13, 1954

Dear Mr. McIvor:

I enclose copies of letters I have written today to the Presidents of the three Wheat Pools, the President of the United Grain Growers and the President of the North-West Line Elevators Association.

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You will note that I have informed each of these Companies that the Wheat Board when finding it necessary to call grain forward in order to meet market requirements will endeavour to distribute such orders in as equitable a manner as possible amongst the various handling companies, taking all relevant factors into account.

While I leave it to your judgment as to the factors which are to be taken into account in distributing orders amongst the shipping companies so that you will have ample freedom to take care of market requirements and other relevant considerations, it does seem to me that you should endeavour to take into account, as far as you can, the relative business that each of the shipping companies would do under more normal circumstances, that is, in the absence of the congestion that exists today.

Yours sincerely,  
(C. D. HOWE)

August 20, 1955.

Dear Mr. Milner,

I have just had a discussion with the members of the Canadian Wheat Board regarding the manner in which they intend to order Board grain forward to Lakehead and Pacific Coast terminals. It has been decided that for the time being, at least, the Board would continue to follow the practice adopted last year whereby all companies are allotted a share of Board specific shipping orders, the companies being free to allocate such orders to individual stations at which they are represented.

You will recall that the Standing Committee on Agriculture and Colonization at the last Session recommended "that the Wheat Board allocation of shipping orders be carried through, by the Wheat Board issuing instructions to the railways to spot box cars at elevators at each shipping point in proportion to the Wheat Board orders approved for that point." This method of allocation of shipping orders has the general approval of the Government and I now wish you to proceed to put it into effect. The recommendation of the Committee refers to the Wheat Board but I think you will agree that the necessary powers are those exercised by yourself as Transport Controller and these should form the basis of the instruction which is issued.

I would suggest that before issuing any instructions you should get in touch with the Wheat Board to discuss with them the type of order which would make the foregoing effective.

Yours sincerely,  
(C. D. HOWE)

In a letter dated August 11th, 1958, the Chief Commissioner of the Canadian Wheat Board, outlined the present formula as follows:

In determining the share of each shipping order received by each company, the Board takes into account:

(a) The proportion of business each company enjoyed in country elevators in years prior

to congestion developing and during the period when producers had the opportunity of delivering their grain to any elevator at a shipping point, with necessary adjustments being made in respect of changes in the ownership of facilities.

- (b) The individual company's liability to the Board covering the particular type or grade of grain to be shipped.
- (c) The amount of business each company is originating during the current crop year.
- (d) The proportion of previous shipping orders each company has received from our Board during the crop year to date.
- (e) The unauthorized shipments, or shipments of grades other than those authorized, which has been made by each company.

In cases where a particular kind or grade of grain is in short supply, the Board, at times, authorizes the elevator companies to ship such stocks without special authorization by the Board. Such shipments are regarded as "open" shipments and are not taken into consideration in the Board allocation.

Cars for shipment of malting barley, representing business originated by the various companies on a strictly competitive basis, are not included in our allocation. Cars for the shipment of flaxseed are in a similar category.

As far as possible, considering the grade factor, quota regulations, car supply, etc., all orders are kept within the allotted percentage.

Shipments can only be made on Board instructions and the shipping orders issued by the Board, in the main, fall under two general categories:

1. General Shipping Orders.
2. Specific Shipping Orders.

1. *General Shipping Orders:* From time to time the Board issues general instructions to the trade advising the elevator companies the grain and the grade thereof that may be shipped on general orders, and the preference of these shipments. These orders apply, in the main, to grain in short supply which may be shipped (without reference to the Board) as carlots become available. Request for cars for the shipment of these orders must be made by the elevator company to the railways quoting a Shipping Order number. These general orders are excluded from the allotted percentage of shipments to each company.

Certain privileges are given to producers to ship certain types of grain over the general quota in effect at their station, such as malting barley, certain grades of oats, etc. Such grain

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is shipped under a given shipping order number and these shipments, as well, are not applied against the companies' allotted percentage.

**2. Specific Shipping Orders:** Specific shipping orders can be categorized as follows:

- (a) *Mill Orders*—which are issued on the understanding that the mills will obtain the grain approved for shipment from points that qualify under the existing quota restrictions.
- (b) *Orders to Processors and Feed Houses*—are issued similarly to Mill Orders except that the quota restriction in respect to these shipments is not quite as rigid as in (a).
- (c) *Orders to Churchill*—involve the movement of grain from country position to cover sales commitments through the port of Churchill and this movement is from stations tributary to Churchill.
- (d) *Orders to Interior Terminals*—these orders are issued for the purpose of using to the best advantage the terminal space available at the Interior Government Terminals.
- (e) *Shipments to the Lakehead and Vancouver*—are authorized in accordance with sales commitments and to maintain the Board's terminal stock position. These shipments are related to the existing quota regulations.

The Board does not, as a rule, direct elevator companies to ship from any particular station but indicates on the shipping order the area and the highest quota points from which shipment may be made. The elevator companies in turn submit to the Board a list of stations from which they intend to ship and after this list is checked and amended if considered necessary, the Board authorizes the shipments.

However, when the Board is endeavouring to complete a given delivery quota, a list of specific stations is given to the elevator companies, together with the shipping order, and they are instructed that shipment covering this particular order must be allocated to the stations as listed—giving consideration to the company's

fair share of the required number of cars at each individual station. No order for shipment is released until the companies' lists are approved.

When sufficient shipping orders are placed, by station, to complete any given quota, no further shipping orders are allowed to be placed at such stations until general shipments are authorized to create space to increase delivery quotas.

Once the allocations, as submitted by the shipping companies, have been approved by the Board, individual specific shipping order numbers are issued, covering each grade and destination, to the shippers who in turn forward these to their individual elevator agents. On receipt of these shipping orders the elevator agent records them with the railway agent who arranges the car distribution on the ratio of orders held by individual elevator companies at the station.

If certain cars are deleted by the Board from the allocation, as submitted by the company, this number of cars is adjusted on subsequent shipping orders.

The Board constantly reviews the position of each company in respect to its allotment of shipping orders and adjusts on subsequent shipping orders any variations in the percentage allotment arising from previous shipping orders.

To ensure that the elevator companies comply with the instructions of the Board's shipping authorization, the Board maintains ledgers recording these authorizations by order number, destination and by company.

The Board receives from the elevator companies a daily report of shipments and from these reports records are maintained to show the outstanding shipping orders and the cars enroute, by grade, to all destinations. As unloads at terminal and mill positions are completed, the record of cars enroute is adjusted accordingly.

The Commission noted:

- (1) That elevator agents do not necessarily load the grain according to the order in which the shipping orders are received. The order of shipment is governed by priorities established from time to time by the Board. Mill orders usually have first priority.

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(2) That the number of outstanding orders is generally greatly in excess of the number of cars available each day for the shipment of grain.

(3) That as a guide for the distribution of cars between shipping points, each week the

Canadian Wheat Board issues to the railways statistical statements showing the actual grain storage and space position at each shipping point, together with the number of orders outstanding and the number of cars required at each point to provide space for authorized deliveries.

## CHAPTER VI

# Some General Criticisms of Present Grain Handling Procedures

Many arguments critical of various features associated with the marketing and transportation of Western Canadian grain were put forward at the public hearings held by the Commission. Some of the major objections advanced relative to the impact of present procedures on the grain marketing system are outlined herewith.

### 1. *Restriction of the farmers' right to do business with the elevators of their choice:*

This thesis was put forward strongly at the Commission's country hearings and also by the Farmers' Unions and the Pool organizations at the public hearings in Winnipeg. Basic to this contention was the argument that at a large proportion of competitive delivery points, the farmer-owned pool elevators, due to greater patronage, are often filled with grain while competing elevators have space available. With their own facilities filled to capacity, many pool farmers say they must either wait until space becomes available in their own elevator or be "forced" by urgent need of funds to deliver to a competing elevator, thereby foregoing the patronage dividends they would otherwise receive.

It should be noted, however, that a number of non-pool farmers at the country hearings stated they had also at times been "forced" to deliver to the Pool facilities as a result of their preferred elevator being plugged.

This situation is typical during periods of congestion when production of grain exceeds disposals, with storage space in short supply as a consequence. In periods of "free-flow" when production and disposition are in relative balance and no heavy burden of farm stocks hangs over the market, space is normally available in all country elevators and farmers are able to deliver freely to any or all of the elevators at their delivery point.

The present protest from a large segment of western farmers relative to the inability to deliver

to the elevator of their choice, obviously stems directly from congested storage conditions in country elevators, and more particularly, from congestion in pool facilities and the failure to have cars placed at each elevator in proportion to the business done by each. It is self-evident that when one or more elevators become full at any delivery point, these elevators are unable to compete further for the farmers' business until such time as box cars are received by them to ship grain out and make space available. Pool supporters contend that means should be found to provide a larger share of the available box cars to the more popular elevators on each market so that each elevator company represented at the point would be in a position at all times, or at least most of the time, to compete freely for the farmers' grain. In brief, the farmers do not wish to be denied, in congested periods, the freedom of competition which existed in "free-flow" periods.

Two different concepts of "freedom of choice" were placed before the Commission:

- (a) Pool supporters generally indicated that they wished to be able to deliver at all times to the "elevator of their choice": the Pool elevator in which they may have a financial interest and through which many of them receive patronage dividends based on their volume of deliveries.
- (b) Line and United Grain Growers elevator supporters placed the emphasis on the desire of farmers to be able to deliver to *any* elevator at their delivery point at *any* time, i.e. to these farmers, the right to "shop around" for the best deal is more important than the right to deliver to any one particular elevator company.

### 2. *The lack of competition at single company (non-competitive) points:*

Farmers have no choice of elevators at more than one-third of the shipping points in the Canadian Wheat Board's designated area. Many

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farmers at the country hearings pressed strongly for the privilege of an alternate delivery point for producers hauling to the 744 single company points where no competition now exists. In this stand, these producers were supported by the formal submissions at Winnipeg of the United Grain Growers Limited, the North-West Line Elevators Association and the Manitoba Farmers' Union. Indicative of the type of argument presented was that of the Manitoba Farmers' Union in whose brief the following statement appeared, "for several years our organization had pleaded with the Canadian Wheat Board to allow grain producers to deliver grain to an alternative delivery point, in order that we as producers may enjoy some bargaining power and protection from heavy losses through discriminatory action. This privilege is most needed at single elevator points..."

While the formal briefs of the Pool head offices placed relatively little stress on the advantages to producers of competition among grain companies, a number of pool members as well as non-pool supporters, in their statements to the Commission indicated that the right to "shop-around" and bargain for the most favourable grade and dockage is highly cherished. There

was substantial support for the thesis that competition in grain buying is desirable at all times, even though shortage of space may limit its effectiveness in periods of congestion.

During the course of the hearings it was alleged that competitive points receive preferred treatment in the allocation of shipping orders and box cars.

In order to determine whether there exists any factual basis to the claim that non-competitive points are discriminated against, records were obtained from the Canadian Wheat Board setting out receipts of all grain, permit acreages, quota position and working capacities at each shipping point in the Prairie Provinces. The situation was studied as of two dates, January 25, 1957, and July 31, 1957.

In analyzing these records, data on competitive points were first segregated from those on non-competitive points. The percentage of delivery points on higher quotas was slightly in favour of the non-competitive points. However, the measure most important to the farmer is probably that of the average deliveries per specified acre as between competitive and non-competitive points. These findings are set out in the table below:

Average Receipts per Specified Acre at Country Elevators at Competitive and non-Competitive Points in the Prairie Provinces,  
Aug. 1, 1956 to Jan. 25, 1957 and Aug. 1, 1956 to July 31, 1957.

Prov.	Period	Bushels Received per Specified Acre		
		At Competitive Points (bus.)	At Non-Competitive Points (bus.)	Difference (bus.)
Man.	Aug. 1/56 to Jan. 25/57.....	5.36	4.93	.43
Sask.	Aug. 1/56 to Jan. 25/57.....	4.10	3.61	.49
Alta.	Aug. 1/56 to Jan. 25/57.....	3.91	3.29	.62
Man.	Aug. 1/56 to July 31/57.....	10.12	9.40	.72
Sask.	Aug. 1/56 to July 31/57.....	8.56	7.88	.68
Alta.	Aug. 1/56 to July 31/57.....	8.37	6.99	1.38

It will be noted from the data in the above table that deliveries per specified acre were greater at the competitive points in each of the three provinces, both for the first six months of the crop-year and for the crop-year as a

whole. The discrepancies were greater by the close of the crop-year and varied from .68 bushels per specified acre in Saskatchewan, to 1.38 bushels in Alberta, in favour of the competitive points. The possibility is admitted that

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the pressure of deliveries may be less at non-competitive points, since many such stations are located in outlying points in mixed farming areas where a smaller proportion of the grain crop is normally marketed. Nevertheless, the persistent excess of deliveries per specified acre to multi-company points as opposed to those at single company points, suggests a definite tendency toward the allocation of a greater share of shipping orders, and hence box cars, to points where companies are in active competition to obtain the maximum possible share of the farmers' grain.

In order to provide the benefits of competition to the maximum number of farmers, it is considered that, wherever practicable, the specified acreage tributary to single-company points should be combined with the specified acreage of a nearby delivery point where one or more competing companies operate elevator facilities, and that the Canadian Wheat Board treat such "combined" stations as one delivery point, for delivery point and quota purposes.

### *3. The lack of sufficiently varied sales policies for Western grain:*

The Manitoba Farmers' Union states in part, "We are of the opinion that the Government of Canada has taken an unrealistic attitude on grain sales, by adhering strictly to the policy that Canadian grains could be sold only for dollars... The acceptance of foreign currency and barter trade must be considered, if agriculture is to maintain the flow of quality food to the markets of the world". In this group's view, Canada should follow a diversified sales program to fulfil two purposes (1) that of selling more grain, and (2) in supplying much needed food to the people of the world.

The Farmers' Union of Alberta had this to say: "It is hoped that this situation, i.e. congestion, will be rectified soon by greater sales in the export market, and by utilizing grain as assistance to underdeveloped countries".

### *4. The secrecy and effect of the formula by which the Wheat Board allocates shipping orders to elevator companies:*

Dissatisfaction with the "secret formula" used by the Wheat Board was expressed by several organizations at the Winnipeg hearings.

(a) *Manitoba Pool Elevators:* The arbitrary and secret nature of the formula is considered undesirable. In response to the

question "Would it be fair to say that you don't think much of the present formula?", the President of the Manitoba Pool replied, "Yes, I think that is a fair statement".

(b) *Alberta Wheat Pool:* At several points in its brief, the Alberta Wheat Pool referred to the arbitrary nature of the Wheat Board's "secret formula". At one stage the brief reads, "Members of our Association are still far from satisfied with the procedure now being followed, claiming that whatever formula the Wheat Board may be using in arriving at the percentage of shipping orders allotted to each elevator company, (probably based on some past record of elevator receipts which is just a surmise on our part), it does not represent the present wishes of producers as to which elevator they prefer to deliver their grain." Again, the statement was made that the allocation of business through the "secret formula" places a very unfair responsibility on the Wheat Board because "they are the ones who have to determine where the business shall be placed or shall go". In its further statement, the Alberta Wheat Pool, in pointing up areas where in its opinion "agreement in principle" had been reached during the hearings, stated, "There is general dissatisfaction with the present system of distributing shipping orders, mainly because it does not allow the producer to deliver where he chooses, but also because the Wheat Board appears to be regulating business as between companies by means of a "secret formula" applied to the distribution of shipping orders".

In assessing the effect of the secret formula on its handlings, the Alberta Pool noted that its share of the business increased subsequent to the time the Board began allocating orders under the formula. However, in summing up, the brief states that, "It is quite obvious that the Wheat Board has done no more than restore the Pool to the position it had gained through open competition and again lost through conditions over which it had no control".

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(c) *Manitoba Farmers' Union:* In its second submission, the Manitoba Farmers' Union referred to the general question asked by the Commissioner which was as follows: "Is it fair to any agency of the government to be placed in a position to arbitrarily decide business for any company?" The Union's reply was to this effect, "...we feel that it should not be in the power of the government's agency to do so. Neither should it be placed in a position where it could arbitrarily provide business for a company".

(d) *Saskatchewan Farmers Union:* In a reference to the Wheat Board's assumption of responsibility for allocation of shipping orders among companies, the Saskatchewan Farmers Union expressed its opinion as follows: "We believe that it (The Canadian Wheat Board) should let the grain handling concerns know what its policy is, and that the policy of the Canadian Wheat Board should be so adjusted that each grain company is able to get sufficient shipping orders to take care of the needs of the percentage of growers who wish to deliver to it, and that this should be the known and established policy of the Canadian Wheat Board".

(e) *United Grain Growers Limited:* This organization definitely opposed the secret nature of the formula and made several references relative to this point in its brief and in its further submission. To quote directly, "The Canadian Wheat Board, since it became the sole marketing agency for western wheat, oats and barley, has commanded the closest co-operation of the elevator companies and has enjoyed their utmost confidence. We believe the continuance of this "secret formula" will jeopardise that co-operation and confidence. We are far from being convinced that public opinion in Canada will support the proposition that any marketing board may adopt a system of distributing shipping facilities on an undisclosed formula, and that all interested bodies must simply accept the actions of the Board as being fair, without inquiry, discussion, or comment as to its reasonableness".

The United Grain Growers, however, held the view that "it is both necessary and desirable that the Canadian Wheat Board should allocate its shipping orders as between elevator companies". In this firm's opinion, "equity will be served by basing allocation on the total volume of Wheat Board grain carried in store by the different companies".

(f) *North-West Line Elevators Association:* This group opposes the "secret formula" largely on the grounds that it unfairly regulates competition and allegedly gives an unearned advantage to certain elevator companies at the expense of others. To quote, "... the imposition by Ministerial direction upon the Canadian Wheat Board of a "secret formula" requiring it to distribute its orders among competing companies on some basis other than would be dictated by the preservation of free competition between them, is both unfair to the Board and to such of the Companies as are adversely affected thereby."

### *5. Inadequate provision for storage of grain:*

Complaints relative to insufficient storage capacity were received from four organizations at the Winnipeg hearings:

(a) *Manitoba Farmers' Union:* This group stated, "We are of the opinion that this country does not have sufficient grain storage facilities". The proposed remedy —construction of off-site storage at government expense at strategic points on rail or water sites.

(b) *Saskatchewan Farmers Union:* This agency contends that there is insufficient storage space in Canada to allow the Canadian Wheat Board's sales program to operate efficiently and at the same time give equal treatment to growers. To quote from its brief, "We suggest that present grain surplus conditions require that a study be made of present storage requirements and that additional storage should be built", and further "... it should be built by the federal government at public expense".

(c) *Farmers' Union of Alberta:* In the view of this group, inadequate storage facilities

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are at least partly the cause of many of the farmers' difficulties. Grain cannot move freely off the farm; the efficiency of the quota system is impaired; and, to quote, "farmers cannot possibly provide facilities for doing the job". The Farmers' Union of Alberta supports a plan of public financed storage, with facilities located strategically over the grain-growing area. It is further suggested that relatively inexpensive underground storage of the vacuum type developed in the Argentine might meet Canadian requirements.

(d) *Canadian National Railways:* The Canadian National Railways take the view that terminals become congested as a result of "the desire of the Canadian Wheat Board to take as much grain as possible off the farms even when there is not a ready outlet for it, either through sales or storage capacity in country or terminal elevators". To quote further from the Canadian National Railways' brief, "It seems clear that an increase in country elevator capacity, particularly in Saskatchewan, would effect a great improvement in the situation, and allow farmers to obtain needed cash, without clogging terminal elevators with grains and grades of grain not likely to be required for early sales".

### *6. Undesirable rigidities inherent in present and proposed regulations:*

The Shippers' and Exporters' Association of the Winnipeg Grain Exchange contend in their brief that many directives governing the grain business have been instituted for the purpose of achieving social goals and not primarily for the purpose of disposing of maximum quantities of Canadian grain in highly competitive world markets. In their view, relaxation of some of these directives would quite probably result in a larger volume of grain sales.

In the opinion of the Shippers' and Exporters' Association, "the emphasis in grain policy has been directed toward seeking a number of guarantees at the primary marketing level, while seemingly losing sight of the needs and objectives of a very important group of people at the ultimate marketing stage—the domestic and foreign buyers of Canadian grain. Incidental purposes

of grain policy—such things as equitable income distribution to producers of every degree of efficiency and regardless of location of farm, as attempted by the Delivery Quota System and the allocation of transportation equipment as now practiced—have imposed, perhaps unwittingly, rigidities and inefficiencies throughout the whole marketing process. Having regard for the unrest at the production level of the grain economy, it is patently obvious that these practices have failed to accomplish what they were designed to do, which is unfortunate; but more unfortunate is the fact that they have seriously impaired the possibility of accomplishing the positive goals of sales policy—the disposition of maximum quantities of grain at the best price possible".

The Shippers' and Exporters' Association contend that existing directives, including allocation devices, have resulted in serious delays in placing grain where and when it is wanted. It is their view that the policy of equalizing quotas has led to the shipment of grain not in current demand at terminals, thus tying up space needed for grades and kinds of grain for which an immediate demand exists.

During the discussion of this brief, examples were cited of cases where grain not in demand at the terminals had been shipped from the country for the primary purpose of "satisfying income considerations to farmers and without regard for the wants and demands of our customers in Canada and abroad". It was argued that as a result of this situation "important sales have been lost, and as a further consequence the very purpose which grain sales policy seeks to serve—the improvement of the producers' income position—is sacrificed". The brief further points out that despite the unsatisfactory experience with existing directives, "it is now proposed to add directives with respect to the particular handling company which shall accept producers' grain in the country, ship forward, and load it from the Lakehead. In the opinion of grain shippers and exporters, the adding of new directives of such an impractical nature can only further inhibit the operations of shippers and exporters as they seek to move Canadian grain into consumption".

In closing, the brief of the Association states, "It is the sincere view of the shipping and exporting trade that in this situation the degree

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of equity which might be achieved can only be nebulous at best. Any such attempt to achieve equity, purely for the sake of equity, and without regard for efficiency in accomplishing real sales, will reduce the comparative advantage of Canadian grain in world markets by increasing costs. It will not be in the national interest, nor in the interest of producers' handling organizations, nor in the interest of individual producers".

As will be seen, the Shippers' and Exporters' Association argues that existing directives have resulted in a general lowering of the level of efficiency with a consequent increase in the general average unit cost of producing and marketing Canadian grain. Any further directive relative to the arbitrary allocation of box cars among handling companies would, in the view of this group, have a similar adverse effect.

### *7. Wheat Board shipping orders issued in excess of requirements:*

The Canadian Wheat Board's practice of issuing shipping orders in advance of the time grain is required to be moved from country elevators, received critical attention from the Canadian Pacific Railway Company and the North-West Line Elevators Association at the Winnipeg hearings.

The Canadian Pacific Railway pointed out that, in its view, farmers' deliveries of grain have been restricted because of congested storage facilities and lack of markets. Under these conditions, it said, "the movement of grain from country shipping points to storage terminals has necessarily been retarded". This has given rise, according to the Railway, to "the widely held misunderstanding that the cause of restricted deliveries is inadequate transportation service. Nothing could be further from the truth." To quote further from the Canadian Pacific Railway's brief, "the misunderstanding referred to has been fostered by the practice of the Canadian Wheat Board in issuing shipping orders far in advance of the time the grain is required and far in excess of the terminal storage facilities available to receive that grain". Examples of such 'over-ordering' were included in the evidence. The Railway found fault with this practice on two counts:

- (1) Because country elevators have many unfilled orders on hand, farmers are led

to believe that the railways are unable to supply cars rather than that the delay is due to lack of storage space in terminals to receive shipments, and

- (2) Individual companies are enabled to place orders at their country shipping points in advance of the ability of the company to handle grain at terminals. Canadian Pacific further alleges that this practice, coupled with the directive of the Transport Controller relative to the local distribution of cars, may place a company in a position to ship cars from country points even though its terminal facilities are plugged and a backup of cars will ensue. Another company with fewer orders on hand would be limited to loading fewer cars although it may have sufficient terminal space to take care of additional country shipments.

The North-West Line Elevators Association also criticized the Wheat Board's practices in issuing shipping orders. To quote, "The blanket issue of shipping orders, many of which cannot be filled for weeks or even months due to the control presently exercised over the supply of box cars to cover such orders, whether responsibility for that control lies with the railways or the Wheat Board, has given rise to much confusion and general misunderstanding of the true picture. In our view, whatever policy is adopted by the Wheat Board should be made directly effective by the issuance of shipping orders intended to be carried out forthwith".

The Canadian National Railways also recognized that the Wheat Board "constantly has outstanding orders with country elevators far in excess of the requirements of the terminal elevators". However, this organization concluded that this situation "is necessary in order to ensure loading in a reasonably efficient manner from a transportation point of view. If total orders in the field were on a basis of day to day loading, the cost of transportation would increase greatly because cars would have to be distributed over a much wider number of stations and elevators. With a fairly large number of orders in the field, the railway has some leeway which enables it to place cars and reduce wasteful and excessive empty haulage—unnecessary cross-hauling of empty cars is wasteful to the railway and to shippers. The present

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system used by the Wheat Board of placing orders in the field in excess of requirements, prevents, in large measure, this waste of transportation and assists in placement of cars for loading quickly and with a minimum of empty mileage."

Canadian National referred to the different opinions expressed relative to the placing of orders in excess of requirements and suggested that lack of information on the part of farmers and others had led to criticism of this aspect of Wheat Board policy. Its view was that if it were generally recognized that surplus orders assisted the railways in moving the maximum amount of grain with greater efficiency, the adverse criticism would likely be reduced.

In its concluding argument the Canadian Pacific Railway Company alluded to the position taken by the Canadian National Railways to the effect that the placing of shipping orders in excess of requirements is desirable. Said the Canadian Pacific Railway "This view seems to be directly contrary to that expressed by Canadian Pacific. In fact, we do not believe the difference is as marked as it would seem. Canadian Pacific agrees with Canadian National that if shipping orders were placed on a basis of day-to-day loading, the cost of transportation would be increased for the reasons advanced by Canadian National. However, Canadian Pacific believes that there is substantial middle ground between the present practice of issuing orders far in excess of requirements and reducing them to a basis of day-to-day loading, which would avoid the faults of both".

### *8. The unwarranted use of box cars for grain storage:*

The basic interest of both railway companies relative to the Commission's activities, lies in the problem of terminal congestion with the attendant back-log of unloaded box cars. Both companies introduced evidence pointing up the delay in unloading of their cars at terminal positions and raised strong objection to the use of box cars for grain storage. Both companies maintain that prompt unloading is essential to the proper utilization of box cars. Cars tied up pending unload are out of use and not available for the *transportation* of commodities, the service which they are intended to provide.

According to the Canadian Pacific Railway, "Wasteful detention of cars is the inevitable re-

sult if more cars are placed for loading at country elevators than the terminal elevators, operated in conjunction with such country elevators, can unload. As a result of keen competition between the pools and the line elevator companies, cars are now loaded at country elevators without regard to whether or not they can be unloaded at the terminals to which they are consigned—the various plans which have been advanced for the allocation of box cars amongst country elevators at individual shipping points are mainly advocated on the basis of enabling the farmer to deliver grain to the elevator of his choice. They do not take into consideration whether the organization which controls all country elevators of the farmers' choice has the terminal facilities and space available to enable the grain to be unloaded without incurring a wasteful use of box cars for storage." The Canadian Pacific Railway also said "In order that the railways may discharge their obligation to provide efficient and economic transportation service for the national economy, the Canadian Wheat Board and the grain handling agencies must co-operate by shipping in due proportion from country points on each railway only such grain for which there is room in terminal elevators."

The Canadian National Railways said "Canadian National is concerned and interested in all aspects of box car distribution which will ensure the greatest possible utilization of its available box car fleet for the purposes of transportation."

"It is most desirable, not only in the interests of the railway but of all users of railway transportation and of the public of Canada, that railway box cars be used so as to obtain the greatest utilization for transportation purposes. Also it is important that haulage of empty box cars be kept to an absolute minimum and that they be not misused nor unreasonably delayed so as to make them unavailable as units of transportation."

In pointing up their problem, Canadian National Railways said "When congestion occurs and 4,000 to 5,000 cars are held at the Lakehead for from ten to thirty days awaiting unloading, and demand is still high for placement of cars for loading grain in Western Canada, and in addition, other users of railway cars are requesting cars for loading, the railway car supply problem becomes acute. We could meet this

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problem, and in most cases prevent it ever becoming a problem, if we could obtain greater utilization of our equipment by having grain unloaded promptly, and the cars returned for loading grain or other commodities."

In the opinion of the Canadian National Railways, congestion at terminal elevators results from the desire of the Canadian Wheat Board to take as much grain as possible off the farms even when there is no ready outlet for it, either through sales or storage capacity in country or terminal elevators. At the same time Canadian National stated they were not criticizing this policy as a policy of taking the maximum amount of grain from the farmer. They consider this desirable and necessary but the eventual result gives them concern, that is, the build-up of cars at the Lakehead.

In outlining the problem of delay in unloading box cars at the Lakehead, the Canadian Pacific Railway placed certain exhibits in evidence at the Winnipeg hearings. Among these were:

(1) A statement setting out the average number of days Canadian Pacific Railway grain cars were held, awaiting unloading, each month during five different crop years. It was pointed out that for 1956-57 the average number of days cars were held, awaiting unloading, was 5.52, ranging from a low of 2.50 in August to a high of 33.68 in March.

(2) A statement summarizing the average delay per car for cars held under load in excess of 10 days during the period of February 18 to April 30 inclusive, 1957. Detail sheets were also provided covering the unloading experience of a sample of 558 individual cars held under load in excess of 10 days during the same period. The records of individual cars ranged from a low of 11 days awaiting unload, to a high of 93 days, with the average delay in unloading for the 558 units in the sample being 40.33 days per car.

A total of 3,502 cars detained in excess of ten days was unloaded by the Canadian Pacific Railway during the February 18-April 30 period. The average delay per car for these was 41.55 days indicating that the sample with its average of 40.33 days, was reasonably representative of the overall picture. Total unloadings of grain cars by the Canadian Pacific Railway at the Lakehead during this period amounted to 7,951

cars. The 3,502 cars detained in excess of ten days therefore represent 44.04% of the total cars unloaded.

### *9. Emphasis on uniformity in delivery quotas is said to reduce the maximum use of grain handling and storage facilities:*

According to opinions presented by several groups at the Winnipeg hearings, the practice of maintaining uniform delivery quotas throughout the crop year has some undesirable effects. The North-West Line Elevators Association said in part, "The Line Companies . . . believe that a system of uniform delivery quotas, such as has been applied by the Wheat Board in recent years, is not necessarily the most equitable to producers in the long run. While a realistic minimum over-all quota may be justified, once that minimum has been attained, further quotas should, we believe, be related to crop conditions and supply as they develop in each district and as each season progresses.

"The operation of the uniform delivery quota, whether it is put into effect by limiting shipping orders or by limiting the supply of box cars at shipping points affected, has the effect of reducing the over-all use of grain handling and storage facilities. It involves holding up shipments from areas which have attained the current quota, while other areas 'catch-up'. In many instances, elevator operators in the former areas either have space in the country, or, if shipments were permitted, could make it by reason of space at their terminals. Much of this space remains unused and deliveries from producers do not take place because the operation of a uniform quota system takes no account of available space or stocks on hand in areas that first reach the prescribed quota."

Objections to complete equality in delivery quotas were also raised by the United Grain Growers Limited. Their brief states, "The situation as between two delivery points is not necessarily equitable, and very probably it is not equal, just because the same basic quota per specified acre applies. One set of farmers may be getting an advantage from supplementary quotas, from having high value grain to deliver, and from having grain which can be delivered without quota restrictions as has often been the case with flax and Durum wheat. Another set of farmers under exactly the same basic delivery

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quota may be at a disadvantage for exactly opposite reasons. . . . Now that interest-free advances are available on farm-stored grain, the inevitable differences from time to time in general delivery quotas as between one area and another may well seem much less important in the eyes of producers at the low-quota points."

With further reference to uniform quotas the President of the United Grain Growers said, "To illustrate how important it is that the Canadian Wheat Board should not be under pressure for equalization that would result in unnecessary delays to practicable quota increases, a chart is presented for examination. It shows that during the crop years 1955-57 there were very considerable amounts of unused storage space in country elevators while at the same time there were some hundreds of millions of bushels of grain on farms awaiting an opportunity for delivery. . . . My own belief is that demands for equality are sufficiently met, if, at the year end, the Canadian Wheat Board has, to the fullest extent reasonably practicable, equalized delivery opportunities for the whole year as between different areas."

Manitoba Pool Elevators in their second submission said, "We find ourselves in general agreement with the United Grain Growers and with the North-West Line Association in their stand against further application of uniform quotas."

They went on to say, "There should be, in our opinion, a general policy or attempt on the part of the Canadian Wheat Board to equalize opportunities to deliver throughout Western Canada. Equalization . . . should not be thrown out, but there should be no attempt to force uniformity in spite of varying conditions across the West."

The Commission notes that the Canadian Wheat Board has used the device of embargoing shipments from high quota points for the

purpose of providing cars to make space for deliveries at low quota points. This practice unfortunately has another effect as well,—it frequently results in keeping full elevators at embargoed points out of competition while other elevators with space can still take in grain, providing the current quota is not filled. It thus in such cases becomes an arbitrary interference by the State with the right of an elevator to stay in business.

It seems clear that increasing quotas wherever and whenever space is available, particularly if full elevators have been put in a position to compete, would assist in maximizing farmers' deliveries and in the most effective utilization of storage capacity, but this would be at the cost of some lessened uniformity of quotas. It seems clear also that relaxation of embargoes to the extent of avoiding immobilization of full elevators would assist materially in keeping all elevators in business and thus tend to maximize farmers' freedom of delivery to the elevators of their choice.

It will have been noted that this section deals with criticism of uniformity of quotas. It should not be overlooked that many farmers both inside and outside the farm organizations saw a good deal of merit in trying to keep quotas reasonably uniform.

It has not been found practicable to discuss in this chapter all of the objections made to present procedures. Much of the critical comment in the various briefs is closely associated with proposals put forward to correct particular situations and therefore, to minimize overlapping, criticisms of various aspects of the problem for which specific remedial proposals were advanced, will, for the most part, be found in the following chapter.

## CHAPTER VII

# Remedial Measures Proposed

Various proposals for allocating box cars among elevators at country shipping points were placed before the Commission during the nine-day hearings in Winnipeg and the 16 one-day hearings at country points throughout the prairies. While there were numerous differences in detail, in terms of broad principles virtually all proposals fell into three categories:

1. Plans under which farmers would declare in advance where they intend to deliver their grain, and the Wheat Board would allocate shipping orders and the railways distribute box cars in proportion to the acreage thus assigned to each elevator.
2. Plans whereby box cars would be distributed at individual shipping points on the basis of actual deliveries made by farmers to the different elevators, the order in which box cars would be spotted at country elevators to be determined by the sequence in which amounts of grain equal to carload lots were delivered to the elevators—in simple terms “first in, first out” or the “farmers’ delivery” principle.
3. Plans for allocating shipping orders amongst the elevator companies in proportion to stocks of Wheat Board grain held by them from time to time—the “stocks-in-store” principle.

Some of these proposals were specific but others were of a more general nature.

The *specific* proposals were:

1. Distribution of cars by cycles established on preferences indicated annually by producers.
2. Distribution of shipping orders on basis of preferences indicated annually by producers.
3. Distribution of cars on basis of receipts at each elevator.
4. Distribution of shipping orders on basis of stocks-in-store.

5. Allotment of annual quota of 18 cars to each elevator with additional cars to be supplied on the basis of stocks-in-store.

### *1. Allocation in accordance with declarations of intent:*

The Commission was asked to consider car allocation plans involving a prior declaration of farmers’ intent to deliver to particular elevators—so-called voting schemes. Proponents of these plans generally agreed on major principles:

That the votes or ballots, of whatever type, should be used to establish car distribution cycles at individual country points.

That the basis for distributing box cars amongst individual elevators at country points should be the number of acres of land assigned to each elevator.

That the necessary calculations for establishing the car cycle for each point should be done by the Canadian Wheat Board, and that the cycles should be established by the Wheat Board.

That authorizations to move out-of-condition grain, and Wheat Board priorities for certain classes and grades of grain, should override the car cycles so established.

That there would have to be some arbitrary method of allocating the acreage of farmers who failed or refused to vote.

That the declarations of intent should not be binding upon the individual farmer, who would continue to have the right to “shop around” for the best grade and dockage.

There were significant differences of opinion regarding the method of balloting.

A direct mail ballot or declaration of intent, conducted by the Canadian Wheat Board, was advocated by three organizations—Manitoba Pool Elevators, Alberta Wheat Pool and the Farmers’ Union of Alberta. This idea also drew considerable support from representatives of these organizations and individual farmers during the country hearings.

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Manitoba Pool Elevators advocated that the declaration form should be sent out to farmers early each summer and "the completed declarations should be returned to the Board by a certain date, say July 1." Alberta Wheat Pool suggested that a ballot should be sent by the Board to each farmer at the beginning of each crop year: "the forms would be required to be returned to the Board by a fixed date, and the information contained thereon would be correlated with information contained in the producer's delivery permit book." The Farmers' Union of Alberta put forth a similar proposal, saying: "We firmly believe that the use of a mail ballot is desirable."

Saskatchewan Wheat Pool offered a proposal along these same lines, but only as an alternative to a plan to base box car distribution on actual deliveries of grain, which will be discussed later.

It was generally recognized that not all farmers would complete and return the declarations of intent or ballots. Two proposals for assigning box cars to take care of their deliveries were placed before the Commission. The Farmers' Union of Alberta suggested their acreage be divided amongst the elevators in the same proportion as the acreage voted upon, but said it would not object to an equal distribution among elevators. Alberta Wheat Pool made no recommendation in its general submission regarding the unvoted acreage, but when questioned by Counsel for the North-West Line Elevators Association, the President suggested it be divided equally amongst the elevators at each point. Also under questioning, the President of Manitoba Pool Elevators suggested the unvoted acreage be divided in the same proportion as the acreage voted on.

Numerous objections were directed against these various voting and balloting plans both at the major hearings in Winnipeg and at the country hearings.

Much of the criticism was based on the assumption that the vote would be binding upon the farmer—that he would be unable to "shop around" for better grade and dockage. Supporters of these plans averred that they did not intend that farmers be tied to the elevators they voted for. Most individual farmers appearing before the Commission made it clear that they did not wish to be tied to any elevator for a year at a

time. Manitoba Farmers' Union believed that the vote would have to be binding. If producers were not bound by their vote, it said, "we believe that this would only create further confusion, because a plan of this type could only be worked satisfactorily when and if it is a compulsory scheme." United Grain Growers Limited suggested the farmers would be at least morally bound by their vote, otherwise they could vote box cars to one elevator and "claim space in another", crowding out the patrons who have assigned their share of the box cars to that elevator. The North-West Line Elevators Association said it was "difficult to see how a farmer wishing to market his grain at an elevator other than that for which he had voted, could do so without prejudicing the position of other producers."

Allied with these criticisms of the voting schemes was the contention of the North-West Line Elevators Association that annual declaration would "freeze the distribution of cars at each country delivery point for the entire year..." The Line Elevators Association and the United Grain Growers Limited both contended that the result would be a diminution of competition. Many of the farmers who made submissions to the Commission at the country hearings agreed with them.

A second major criticism of the voting plans was that the acreage of the non-voting farmers would have to be assigned to the elevators on an arbitrary basis. Noting the difference of opinion between Manitoba Pool Elevators and Alberta Wheat Pool regarding assignment of unvoted acreage, the United Grain Growers Limited said in its supplementary submission: "Each advocated a completely arbitrary system in respect thereto... Each would attribute to producers who did not vote, a choice neither made nor desired by them."

A further criticism of the voting schemes was that acreage bears no necessary relationship to deliverable grain. The Line Elevators Association contended that the farmer would have to register his preference "at a time when he would have no knowledge of how much, if any, or what grade of grain he would eventually have to deliver and without regard to what stocks might be on hand or space available in the elevators at the delivery point when the time came for him to effect delivery." The United Grain Growers Limited contended: "Respective acreages of different

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producers do not reflect their respective needs for use of elevator accommodation."

In this regard, the Commission was impressed with the difficulty of weighting the acreage of the straight grain farmer, who sells all his grain except what he requires for seed, in comparison with the acreage of the mixed farmer or livestock farmer, who feeds much or all of his grain. Even among straight grain farmers there seems to be no practical method of taking account of differences in need for elevator accommodation and transportation resulting from differences in crops, in soils, in damage from weather, disease or insects, or in the technical capabilities of the farmers themselves.

The fourth major criticism of the voting plans was that they would establish rigid car distribution cycles at local delivery points, and that this would inevitably interfere with the Wheat Board's prerogative of moving forward the classes and grades of grain required to meet demand. "The marketing needs of that body", said the United Grain Growers Limited "require definite instructions for specific shipments so often, so prolonged and so widespread as quite to preclude any rigidity in local box car allocation." The Line Elevators Association said: "Since grain that may be in demand on any day, and from day to day, must be moved forward in preference to other grain, no arbitrary system of car distribution should be adopted which would interfere with this elementary and fundamental need." The President of Manitoba Pool Elevators admitted that "no particular formula may be carried out to the letter" because of congestion.

Other criticisms of the voting plans were advanced before the Commission, including:

- (a) That conducting the vote would be a further administrative burden to the Wheat Board.
- (b) That the vote would have to be taken in advance of the start of the new crop year and therefore on the basis of an out-of-date list of permit holders, or commenced after the start of the new crop year, thus delaying the results until the crop year was well advanced.

The Commission was particularly impressed with the insistence of most farmers that they must continue to have the right to "shop around" amongst elevators on a day to day basis, and

the willingness of exponents of voting plans to protect this right by not requiring the vote to be binding on the farmers.

The Commission believes that the most effective argument against any and all schemes calling for farmers to declare in advance where they would like to deliver their grain, is that the best way they can cast a ballot for any company is to deliver their grain to one of its elevators.

### *2. Distribution of shipping orders on basis of preferences indicated annually by producers:*

As an alternative to the setting up of local car cycles based on acreage assigned by some form of voting or declaration of intent, Alberta Wheat Pool suggested the ballots be used to calculate a formula for division of shipping orders amongst the companies on a provincial basis. The companies would divide the orders among their individual elevators, as they do under the existing "secret" formula, and the present system would be modified only to the extent that there would be a different basis for arriving at the formula for dividing the orders amongst the companies.

### *3. Distribution of cars on basis of receipts at each elevator:*

The Saskatchewan Wheat Pool proposed that box cars be distributed at individual country points on the basis of "deliveries of grain actually made to elevators by producers." In general, what the company advocated was that each carload of grain delivered by farmers to an elevator should create its own priority for a box car to move it. Elevator agents would each day report to the railway agent the quantities of grain taken in, and rights to cars to move the grain would be recorded in the order in which the grain was received.

The Pool also submitted an interim proposal designed to get its basic plan into operation. It is not necessary to record the details of this interim plan here. Its purpose was to open up space in all elevators prior to the commencement of the basic plan, so that all companies would be able to take in grain in all their elevators and thus each elevator would be able to qualify for box cars to move grain.

The company submitted that the basic plan would "permit allocation of cars in the order of priority in which producers have delivered approximate carlots of grain to various elevators..." It would also "permit all elevators at

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any point equal opportunities of competing freely for producer grain deliveries, since the effect will be to create space as cars are supplied, in the order in which space has been filled by producers . . . The plan will also tend to provide maximum utilization of country elevator space since it will tend to slow down shipments from elevators having relatively slow producer patronage, thus helping to avert excessive and more or less continuous build-up of space in elevators normally receiving grain at a slower rate than others at the same point.

"It will not interfere with Canadian Wheat Board overall control of movement of grain by grains or grades from country elevators. Such control can be exercised through the use of shipping priorities and shipping prohibitions to elevator operators or through use of specific shipping orders where the latter may be found essential. In the event Canadian Wheat Board shipping priorities may necessitate out-of-order cars for any elevator or elevators, such cars could be supplied as required but charged in the station car allocation book against the elevator receiving same.

"It is flexible, in that any change in producer patronage as between elevators at his delivery point, will be reflected in the car allocation record and subsequently in shipments from that point.

"When the Plan comes fully into operation, it provides for automatic allocation of box cars between competing elevators at individual points, in the order in which approximate carlots have been delivered to such elevators. For that reason it should eventually eliminate any room for disputes or friction between elevator agents, between elevator and railway agents, elevator and railway companies; between elevator companies and the Canadian Wheat Board, and between railway companies and the Canadian Wheat Board.

"The Plan will place proper responsibility for decision as to the elevator through which he delivers grain and from which it must eventually be shipped, in the hands of the producer of grain. It will relieve railway companies and the Canadian Wheat Board of major responsibilities with which they appear to have heretofore been saddled in respect to car allocation between individual elevators, and in so doing, should eliminate any cause for criticism, justifiable or otherwise,

of railway companies or the Canadian Wheat Board on the grounds of control of distribution of business as between elevator companies during periods in which serious congestion in country elevator facilities may exist, or continue, by reason of lack of space in more forward marketing positions, temporary lack of car supply under unusual conditions, or for any other reasons."

Several objections were raised against this plan. Alberta Wheat Pool saw it as similar in principle to the plan of the United Grain Growers Limited and presumably subject to similar criticisms. Praising the intent of the President of Saskatchewan Wheat Pool, in putting forth this plan, the United Grain Growers Limited said: ". . . He put forward a plan designed to promote the fullest possible competition at shipping points. He seeks no favours nor does he seek an advantage over competitors." But the United Grain Growers Limited saw what it called "insuperable difficulties" in the way of the plan:

"It would create local rigidities in shipments, hampering alike to the operations of the Canadian Wheat Board and to a proper management of an elevator company. The main plan would impose a burden of calculations upon the railways. This, as was made clear by representatives of both lines, they would refuse to accept . . . It is quite impracticable to suggest that if the railways cannot perform these calculations the Canadian Wheat Board might do so. Imagine the burden of daily calculating grain receipts and box car entitlements at 1,400 competitive shipping points, and for more than 4,000 competing elevators . . . It would require suspension by law of the car order book provisions of the Canada Grain Act . . ."

The Line Elevators said: "In effect there would be as many daily formulae computations as there are competing elevators . . . The resulting calculations would have to be checked by the elevator agents, not only in respect of their own elevators, but also in respect of competitors." They questioned the practicability of calculating carload lots in terms of bushels, "it being possible to ship as much as 3,600 bushels of oats in a large car compared with 1,333 bushels of wheat in a small car . . ."

The Canadian Pacific Railway Company had "no views concerning the merits of one plan as compared to another. The responsibility for

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making the calculations required to determine the share of box cars to be allocated to each elevator at country shipping points cannot however be saddled on the railway company."

In principle, the Commission found much to its liking in the Saskatchewan Wheat Pool basic plan. It relates shipments to business actually done. It divorces the Canadian Wheat Board from determining companies' shares of business. It takes account not only of the total amount of business done with farmers on behalf of the Wheat Board at any given time—but of the time when the business was done, thus giving full weight to the popularity enjoyed by the elevators as reflected in the speed with which they fill up after shipments.

The principle of this plan has much in its favour; it is our view, however, that the practical difficulties in the way of putting it into operation through the method offered by the Saskatchewan Wheat Pool are not easy to overcome.

### *4. Distribution of shipping orders on basis of stocks-in-store:*

The United Grain Growers Limited and the North-West Line Elevators Association advocated that the Wheat Board divide its shipping orders among the elevator companies in proportion to total stocks of Wheat Board grain in store from time to time.

The United Grain Growers suggested the holdings be calculated "from time to time", the Line Elevators that they be calculated every four weeks. Beyond this, they envisaged that the companies would continue to divide the orders amongst their elevators, and to determine from which elevators they would move stocks authorized by the Board.

They envisaged substantial change in the manner in which cars would be divided among elevators at country points. The United Grain Growers asked that the Transport Controller's order that cars be divided in proportion to Board shipping orders held by each elevator, be rescinded, and that the actual shipments be arranged between the elevator companies and the railways, with each elevator company responsible for relating its shipments to its ability to find terminal space at the other end of the line. The Line Elevators advocated a drastic cutback in the number of Board shipping orders outstanding, so the total would be related to shipments wanted immediately.

The United Grain Growers Limited in support of its position stated:

It recognizes that stocks now in store in country elevators and annexes must be moved forward and that companies now bearing the risks of storage must be given an equitable opportunity to revolve their stocks. It is fair in relation to past investment, allowing each company to benefit from its expenditures in providing accommodation at country points.

It is fair in relation to customer support and to the choice of elevator that may be made by grain producers. The greater degree of customer support a company has at any point, the more rapidly its available space will tend to fill up and be reflected in the volume of shipping orders.

It keeps the Canadian Wheat Board from concerning itself with competitive situations, and allows each company to build up its business as it can secure customer acceptance.

It is simple instead of complex.

It leaves the Canadian Wheat Board free of hobbling restrictions on its operations . . . It eliminates the extra expense, the diversion of energy and the waste of effort which result from unnecessary regimentation.

Some of these points were also raised by the Line Elevators who envisaged that there would be no interference with quotas or with the Wheat Board's control over forward movements of grain. "Space would be opened at all points," said the Association, "and the Board, in allocating cars on the basis of stocks in store, could be sure companies would place cars where space would quickly refill. At the same time the company continuing to receive the greatest volume of receipts would receive the greatest allocation of cars, thereby giving full play to the wishes of the farmer in delivering to the elevator of his choice . . . A preferred elevator could continue moving grain. On the other hand, when there was a desire on the part of the farmer to change his choice of elevator, he could do so any day of the year".

The Manitoba Pool Elevators objected to this proposal on the ground that it would "guide car allocation based on capital investment, and therefore size of facilities, with complete disregard to reasonable space and farmer's choice."

The Alberta Wheat Pool said this principle would, in time of congestion, result in car allocation "related almost directly to capacity and thus investment. In our opinion this policy would have the effect of creating considerable pressure on all companies to create additional country facilities."

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The Alberta Pool offered the opinion that there was already sufficient country elevator space on the prairies and that uneconomic building would, in the long run, be a charge on the farmers. It also criticized the proposal on the ground that there was no suggestion as to how the "formula would apply at any given shipping point."

While the United Grain Growers Limited and the North-West Line Elevators Association argued in favour of this proposal, it received very little support elsewhere, particularly among farmers. In the opinion of the Commission, distribution of cars on this basis in a period of congestion would bear a direct relationship to the total elevator capacity of the different companies. This basis after trial in 1941 was discarded because of general dissatisfaction with it—it bore no relationship to actual business done by each company. We found that the introduction of this plan now, in preference to one based on deliveries or even in preference to the Wheat Board's present plan, would disrupt present shares of business to an extent that would not appear to be warranted by the evidence placed before the Commission.

### *5. Allocation of a basic quota to each elevator:*

In conjunction with its proposal for distribution on the basis of stocks in store dealt with in the preceding section, the North-West Line Elevators Association recommended that each elevator in the prairie country elevator system be given a basic quota of 18 box cars per year. It was suggested that this would enable each elevator to ship a minimum of 33,000 bushels of grain a year, to revolve its stocks, and to open up space to compete for farmers' business. The Association also suggested that the basic allocation be transferable from one elevator to another in the same chain.

The Alberta Wheat Pool, in its supplementary submission, objected that "to the extent of 18 cars per year, it would equalize, arbitrarily, the business of all elevators at a shipping point . . . The 18-car allotment proposal is in effect a return to the 'one car-one elevator' theory which has been tried and rejected as unsound."

The United Grain Growers Limited said its first reaction was to reject this proposal as a "departure from principle" but that if it would

make the main proposal of the Line Elevators and the United Grain Growers "more palatable" it might have merit.

The Commission finds itself forced to agree that this proposal has no particular appeal because it is purely arbitrary and embodies no principle except possibly rough equity amongst elevators. It bears no relation to any competitive factor in the country elevator business—neither to the popularity of an elevator with the farmers nor to the service and facilities offered by elevators.

The general proposals were:

1. Proposals to keep elevators competitive by spotting cars at full elevators, or maintaining equal space.
2. Division of shipping orders according to specified acreage in permit books.
3. Distribution of cars on basis of business done.
4. Shipments in relation to ability to unload at terminal positions.

### *1. Proposals to keep elevators competitive by spotting cars at full elevators, or maintaining equal space:*

The idea that full elevators should be given preference in the allocation of box cars, or that cars should be allocated in such a way as to maintain equal space in the elevators at each point, came up on numerous occasions during the Commission's hearings.

The Manitoba Pool Elevators said: "We have made repeated representations to the Canadian Wheat Board to the effect that they should allocate their shipping orders to those elevators that are congested or which have the least amount of space available."

As an alternative to their other proposals, Alberta Wheat Pool said they were "prepared to consider a modification of the present system of box car allocation wherein 'available space' at every shipping point would be maintained in such a manner that the farmer at all times would have the opportunity to deliver to the elevator of his choice."

At the Drumheller hearing, Local 1102 of the Farmers' Union of Alberta said: "We would suggest that available space be maintained at all elevators at a shipping point. That is to say, if a house is plugged up, it receive orders and cars to keep space available the same as other houses at the point." At the Dauphin meeting,

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Benito Co-operative Elevator Association offered the opinion that "orders for shipments should go to the elevators lacking space to take in grain . . . "

A variation on this idea, tying it to companies rather than individual elevators, was presented at the Swift Current meeting by a group of farmers from Flat School District: "We would recommend that box cars be allocated to the company with the least amount of space . . . "

A comment by the North-West Line Elevators Association is pertinent to these proposals: "It is axiomatic that the country elevator which gets the cars is the one which can, by loading those cars, make space available for further deliveries from the producer. It is equally axiomatic that the elevator which does not get the cars, once it fills up to capacity (and it may be full or nearly so at the beginning of the season), thereafter is precluded from handling further grain."

The Commission is in accord with the principle of keeping elevators competitive, but the proposal to allocate cars with a view to maintaining equal space in the elevators at the same point, is not considered to be a practical one. We are of the opinion that whatever procedure is adopted it should give priority in the supply of cars to elevators which are unable to accept grain offered, owing to their being full and therefore having no space to receive it.

### *2. Division of shipping orders according to specified acreage in permit books:*

The idea was advocated during the country hearings that the Wheat Board should divide shipping orders amongst the elevators in accordance with the specified acreage recorded in the permit books signed up at each elevator. The foundation of this plan was the premise that farmers take out their permits where they wish to do business. "I am convinced," said the Secretary Treasurer of the Manitoba Farmers' Union, in presenting that organization's supplementary submission, "that, under the quota system, every farmer who applies for a permit book—or the vast majority of them—has definitely made up his mind as to which elevator (he wants) to deliver . . . " The President of Manitoba Pool Elevators also supported the view that farmers take out their permit books

where they wish to do business, although he did not advocate the use of the permit book as a ballot for assigning box cars.

The Saskatchewan Farmers Union in its variation on this method. "We think that . . . the proportion in which farmers take out their cash advances could well serve as a general, over-all guide for the Canadian Wheat Board in its pattern of allocation of shipping orders."

The Commission is of the opinion that the distribution of cars on the basis of acreage would often be inequitable. We are convinced that distribution to companies based on total deliveries, and to local elevators on the basis of need, is a preferable plan.

### *3. Distribution of cars on basis of business done:*

The Manitoba Farmers' Union in its brief recommended "Elevators should be given cars on the basis of their penetration of the local area".

The Saskatchewan Farmers Union in its brief recommended: "That the policy of the Canadian Wheat Board should be so adjusted that each grain company is able to get sufficient shipping orders to take care of the needs of the percentage of growers who wish to deliver to it."

These ideas embody a principle which we think cannot be overlooked. Cars should be received by each elevator in such numbers as to keep it in a position to compete with others at the same point.

### *4. Shipments in relation to ability to unload at terminal positions:*

Canadian Pacific Railway Company recommended that "by statute the Canadian Wheat Board be directed to issue shipping orders to pools and elevator companies . . . in accordance with the ability of such pools and elevator companies to load and unload grain . . . "

Canadian National Railways supported the view that failure to co-ordinate shipments with ability to unload had resulted in "serious delays in unloading grain from railway box cars." It suggested that "any changes in the method of distribution (of box cars) take into account the effect it will have on conditions at terminal elevators and that nothing be done that will worsen the present problem of delay to cars."

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Manitoba Pool Elevators, Saskatchewan Wheat Pool and Alberta Wheat Pool suggested that any change in the method of allocating shipping orders might require changes in the use of terminals and lake shipping, but made recommendations differing widely from those of the Canadian Pacific Railway Company.

Said the Saskatchewan Wheat Pool, in contemplating the effect on the terminal situation of a change in the method of allocating cars or shipping orders: "The actual number of box cars or the quantity of shipments will not change but the number and quantity to be forwarded to any one terminal system may be altered."

Manitoba Pool Elevators said: ". . . So far as pool elevators in Manitoba are concerned, the ability to unload at terminals is not a point of controversy in this study." But this company, along with others, recommended changes in terminal procedures, which will be dealt with in another section.

The United Grain Growers Limited urged that the matter of terminal unloads be the full responsibility of the company making the shipments from the country. "Our competitors," it said, ". . . have insisted upon pointing out that they possess rather more terminal elevator space in proportion to country elevator capacity than does this company. If that puts us at any disadvantage it is a condition which we must accept, until such time as we find it appropriate to enlarge our terminals . . . If we find that we need more terminal space to accommodate the grain which our customers desire to deliver to our country elevators it will be our responsibility, and that of no one else, to make the necessary adjustment."

It appears to the Commission that this recommendation by the Canadian Pacific Railway Company covers a problem which does not lend itself to remedy by statutory provision, but should be resolved as far as possible by co-ordination of the different operations in the movement of grain from country to terminal points.

As to the ability of elevators to load cars, most of them can do so faster than they are likely to receive cars. As to unloading cars at terminals it is obvious that cars should not be loaded at country elevators unless they can

be unloaded at terminal elevators in reasonable time.

In addition to the specific and general proposals outlined herein, a number of other proposals bearing directly or indirectly on the problem of the distribution of box cars were received during the different hearings, as follows:

### *1. Diversion of grain at terminal positions:*

Canadian Pacific Railway Company asked that "statutory provision be made by which the Wheat Board can order, upon the request of a railway company or a terminal elevator company, that grain consigned to one terminal elevator which has not available space to take it be diverted to another terminal elevator which does have such space available. Such statutory provision should incorporate appropriate penalties for failure to comply with such an order. The Wheat Board should have power to enforce such a penalty."

The Railway was particularly concerned about use of box cars for storage, when they arrive at terminal positions and at particular terminals in numbers exceeding the rate at which they can be unloaded.

The Company said there were limited powers of diversion under section 8 of the Conditions of the Bill of Lading, making it possible to divert shipments if another company were willing to accept them. It also said that the Canada Grain Act provides that terminal operators, as well as country elevator operators, must accept grain offered for storage if they have storage of the kind required by the person offering the grain.

The Railway proposal for enforced diversions received little support, although most major submissions to the Commission recognized, explicitly or implicitly, that there was or might be in the future a problem of excess shipments both in total and to particular terminals.

Alberta Wheat Pool cast doubt on the practicability of enforced diversions. Noting that terminal elevators are "works for the general advantage of Canada" and that provision is made for diversions, the Alberta Wheat Pool added: "it has been stated, however, that certain terminals have shown a reluctance to unload cars assigned to other terminal elevators. To a degree this is understandable if an elevator company has grain on track or enroute to fill its empty space."

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The proposal was strongly opposed by the United Grain Growers Limited and the North-West Line Elevators Association.

Said the United Grain Growers: "The operators of terminal elevators want to make them pay and no operator will deliberately keep storage space idle when he can make money by handling more grain or by filling his storage space. It is a matter of common knowledge that terminal elevators, when they have available space, actively compete for grain to occupy it, to the extent of offering premiums for diversion of grain to their plants."

The Line Elevators said it was "unrealistic to assume that a terminal operator would wilfully refuse to receive business if he was in a position to handle the grain offered. Surely it should be left to the man in charge of the terminal to decide whether he is in that position."

There can be no logical argument against the objection of the railways to the use of their box cars for the storage of grain. Such a practice must necessarily limit their efficiency. It does not appear, to the Commission, however, that this problem requires statutory provision in order that it be resolved. There is already statutory provision in this regard but it is doubtful whether the application of penalties, with the time consumed in investigation before penalties can be assessed, would achieve the objective desired by the railways. It is one more of the many different operations in the movement of grain from country to terminal points which may disappear with more co-ordination of these different operations, especially if one authority assumes the necessary overall responsibility for all the different operations insofar as it is cloaked with the necessary powers.

### *2. Changes in lake shippers' procedures:*

The three Pools and the Farmers' Union of Alberta foresaw that changes in the method of allocating box cars could result in a different pattern of shipments to terminal positions. In order to take care of any increase in the flow of grain to particular terminals, they recommended changes in the method by which the Lake Shippers' Clearance Association allocates boats for movement of grain from Lakehead terminals.

The purpose of the Association is to act as a clearing house for grain documents and to promote efficient loading of lake vessels. It is mo-

tivated by efficiency rather than concern about the ownership of the grain or the terminals in which it is stored. One thing it attempts, in the interest of efficient use of terminals, is to keep them all in business when shipments from the country are heavy. The Association points out that plugging of a terminal greatly reduces the unloading capacity at the Lakehead.

The Association acts as a repository for warehouse receipts, arranges for loading of vessels with the minimum of movement from one terminal to another, and cancels out the warehouse receipts in the order in which they are received.

Chief complaint against this system was that in time of congestion it resulted in shipments from terminals in proportion to capacity of each.

"Provision should be made," said Saskatchewan Wheat Pool, "to regulate the flow of grain through the terminal position on somewhat the same basis as it is moved from country points . . . The important point which should govern the selection of any lake boat allocation plan is . . . the need for farmers to be able to deliver their grain to the elevator of their choice." In the same vein, Alberta Wheat Pool asked that the Wheat Board should direct the Association to "adopt a more practical system of providing terminal elevator space in accordance with the volume of grain consigned to the various terminals."

A precise recommendation was presented by Manitoba Pool Elevators as follows: "We recommend . . . that the Lake Shippers' Clearance Association should, when allocating vessels to the terminals, take into account the number of cars on track awaiting unload at each elevator and the number of cars in transit to each elevator, in addition to the present factors that they take into account. We suggest that direction should be given in this regard in order to protect the farmer's right to move his grain through the country elevator of his choice and into the terminal elevator of his choice, as provided under the Canada Grain Act."

These proposals were opposed by the Shippers' and Exporters' Association of the Winnipeg Grain Exchange and the United Grain Growers Limited.

" . . . The adoption of a policy of regulating individual company handlings at the terminal stage of the marketing process will impose inefficiencies upon the operators of lake vessels," said

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the Shippers and Exporters . . . "Grain shippers and exporters must be permitted sufficient freedom of operation to enable them to direct lake tonnage—which they have engaged as principals—to particular terminals, to load particular lots of grain—which they (the merchants) own as principals. To withdraw or prevent this managerial prerogative in any way, so for any cause, is to deliberately sacrifice many sales. There are countless lots of particular grades and varieties of grain which simply would not be purchased and resold by merchants, if the rights of ownership and management of such lots were in any way impaired by restriction of access . . . In addition, such an impediment upon merchants would be quite wrong in equity and in a moral sense. It would be a denial of individual property rights . . ."

The United Grain Growers Limited said: "We must oppose completely the suggestions . . . for interference with the functioning of the Lake Shippers' Clearance Association. These appear to have been made with no regard whatever to the primary purpose of that organization which is to facilitate the rapid loading of lake vessels at terminal elevators."

The Commission is of the opinion that the evidence submitted does not warrant making any recommendation re changes in the procedure at the present time. If the problem of unloads at the terminals is not otherwise resolved, it is our view that, if any change should be found necessary for the more efficient movement of grain, the Wheat Board with the co-operation of all the interests concerned will recognize it and make such changes in these procedures as may be found advisable.

### 3. *Reduction in outstanding wheat board shipping orders:*

The Canadian Pacific Railway Company and the North-West Line Elevators Association recommended that the number of outstanding Wheat Board shipping orders be sharply reduced.

Supporting this proposal, the Railway said that on January 10, 1958, for example, there were 11,604 orders outstanding at Canadian Pacific Railway points alone, covering shipments to the Lakehead, interior mills and Pacific Coast. It said this represented 23 million bushels of grain. At that time there was 16 million bushels

of space at the Lakehead and about 7 million at Vancouver. "Thus the shipping orders outstanding on the Canadian Pacific alone at that time represented sufficient grain to fill storage space at both the Lakehead and Vancouver." The Railway said that the Wheat Board statement of transportation requirements at that time set an average of 396 cars per day for movement to all destinations over Canadian Pacific Railway lines. "On the basis of these figures . . . the Wheat Board had, at the rate of shipments at that time, orders outstanding for 29 days in advance."

One result of this, said the Canadian Pacific Railway, was that when the Wheat Board received complaints about restricted shipments it was able to refer to the outstanding shipping orders and shift the blame to the railways when restriction was actually caused by lack of storage space. If all shipping orders were filled, the Railway pointed out, they could not be unloaded at terminal positions.

For further detail as to the position taken by the railway companies on the Board's policies relative to the issuance of shipping orders, the reader is referred to Section 7, Chapter VI of this Report.

The Line Elevators Association said: "The Line Companies believe that the practice which has been adopted by the Board of blanketing the trade with shipping orders for which box cars are not made available, is unrealistic in view of the fact that the railways are working under the order of the Transport Controller dated September 12, 1955. It is submitted that control of delivery quotas and of the distribution of business as between competing members of the grain handling trade, both of which lie within the undisputed province of the Wheat Board, ought to be exercised by the Board through the medium of its shipping orders, cars to be supplied as and when the Board orders the movement of grain and not at some later date as a result of some secret system of allocation and subject to an overriding quota pattern."

It appears to the Commission that the Wheat Board's requirements both as to total cars to be shipped and the shipping orders to be issued should be geared to promote maximum efficiency in all operations in the movement of grain from country to terminal points.

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### *4. Cancellation of Transport Controller's order of September 12th, 1955:*

Two organizations, the United Grain Growers Limited and the Canadian Pacific Railway Company, appearing at the Winnipeg hearings asked that the 1955 order of the Transport Controller be rescinded. This order decreed that box cars should be divided amongst elevators at individual country points in proportion to the number of Wheat Board shipping orders held by each elevator. The order would have expired with the powers of the Transport Controller, May 31, 1958, but the Wheat Board under its powers to control rail shipments, has continued it in force. The United Grain Growers Limited contended that it should be cancelled because "it has proved difficult to work. On numerous occasions, over prolonged periods and at hundreds of points it has in effect been cancelled by overriding instructions from the Wheat Board, issued for special reasons. Attempts to carry it out have been largely responsible for shipment to Lakehead terminals of many thousand box cars loaded with grain which could not be unloaded for long periods. It imposed a hampering rigidity upon railway operation and efforts of railway management to secure efficiency in the use of their equipment."

"The aforementioned directive", said the Canadian Pacific Railway Company, "is too rigid and fails to accomplish the purpose for which it was intended, as all plans for the distribution of cars between elevators at country shipping points must fail, if they do not take into account the situation at the terminal elevators to which the grain is consigned."

A general recommendation of the Canadian National Railways was for "greater and more effective control of the movement by co-ordinating loadings at country points with available space at terminals".

Manitoba Pool Elevators submitted that overriding instructions from the Wheat Board constituted "a technical difficulty" which did not "destroy the overall advantages of the instructions". The Pool could see "no connection whatever" between the Transport Controller's instructions and "Lakehead congestion and uneconomic use of box cars. The railways would be forced, if they did not have directives, to allocate cars at a shipping point on the basis of one elevator, one car..."

Enquiries by Commission staff at country points disclosed that the order is not slavishly followed and that in at least some cases box cars are shared out by local arrangements.

It appears very desirable, unless an automatic method of distribution of cars by local railway agents is evolved, that definite instructions be given to the railways as to the manner in which their agents at shipping points shall distribute the available cars among the different elevators at the point. At present, since no reasonable alternative has been offered, there appears to us to be no adequate reason why the principle recommended by the Standing Committee on Agriculture and Colonization and outlined in the Transport Controller's order should be discarded.

### *5. Co-ordinating committee to control grain movement:*

Contending that there was a "lack of control of the movement of grain from farms to market" the Canadian National Railways recommended that a co-ordinating committee, under sponsorship of the Wheat Board, be set up. It would be "representative of all parties interested in the orderly movement of grain to market..."

The Canadian National Railways said that a "lack of clear and up-to-date information hinders the orderly transportation of grain to terminals." It recommended that improved methods of collecting and distributing information be found, and suggested that "valuable service" could be provided by the co-operative committee. Particular emphasis was placed by the Canadian National Railways on speeding up "collection and dissemination" of information by the Wheat Board.

The proposal for a co-ordinating committee was opposed by the United Grain Growers Limited and the Canadian Pacific Railway Company.

"We must say bluntly," said the United Grain Growers in its supplementing submission, "that we do not believe a committee can become an effective agency of administration."

Said the Canadian Pacific Railway:

The view of the Canadian Pacific is that the results to be achieved by such a standing committee must be largely negative. Past experience has established that the conflicting and competing interests involved cannot effectively operate in the manner suggested. In the view of the Canadian Pacific, the simplest and most effective method of handling grain is for each agency involved

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to manage its own operation, subject to the checks which automatically operate to restrain it from infringing on the interests of other agencies concerned.

However, the Railway had this to say regarding collection and distribution of information:

Canadian Pacific is in complete agreement with Canadian National that a new system of collecting and disseminating information respecting car requirements should be established by the Wheat Board, to eliminate the present time lag.

The present situation in the collection and dissemination of car requirement information was outlined as follows by the Canadian National Railways:

The pattern of distribution of cars to grain loading points is established by the Canadian Wheat Board by means of a weekly car requirement statement, the information on which is seven days old when it reaches our offices in Winnipeg. By the time this information is in the hands of our Divisional Chief Despatchers, who distribute cars at local stations on their territory, it is at least ten days old. In addition, the Wheat Board constantly revises the program by requesting that certain special types and grades of grain be loaded in advance of those cars set out on their weekly statement. We would suggest that a new system of collecting and disseminating information be established by the Wheat Board to eliminate this time lag. Perhaps zones could be set up in which they could gather information by telegraph or telephone and have it consolidated for transmission to their Headquarters by teletype. This information should not be more than forty-eight hours old when made available to the railways. It could also be in a simplified form.

While the Commission is impressed with the need for expediting as far as possible the furnishing of information to the railways by the Wheat Board, it is inclined to agree that a standing committee for the purpose of "controlling" the movement of grain might not be very effective for this purpose. We do not agree however that efforts to correlate activities that overlap would not be advantageous in the present situation.

### *6. Wheat Board traffic manager:*

Appointment of a Wheat Board traffic manager was advocated by the Alberta Wheat Pool and Manitoba Pool Elevators.

The Alberta Wheat Pool stated—" . . . We think it is desirable and necessary that a traffic manager be appointed to the staff of the Canadian Wheat Board to consult continually with the railway companies in order to co-ordinate the Wheat Board's shipping orders with their forward sales position and relate such orders to the availability of railway equipment, ter-

rninal elevator capacity, available space and arrival of lake and ocean vessels—A representative could be posted at both Vancouver and the Lakehead to direct the unloading of cars, the placing of vessels, and the maximum use of terminal elevator capacity."

Manitoba Pool Elevators went one step further—"We recommend that the quota department of the Canadian Wheat Board be strengthened by additional staff and suggest that much greater use can be made of elevator and transportation facilities through the appointment of a traffic manager with considerable freight traffic experience . . ."

The proposal for a traffic manager was supported by the Canadian National Railways. The Vice-President, Mr. McMillan, said: "I was interested to hear the pools propose that the Wheat Board should have a traffic manager to make more effective use of transportation. We agree that this type of direction and co-ordination by the Canadian Wheat Board will greatly assist in co-ordinating information and efforts and will greatly assist in the orderly movement of grain and in its unloading at terminals."

The idea was opposed by the Vice-President of the Canadian Pacific Railway Company, Mr. Emerson, during questioning by Mr. Wood on behalf of Alberta Wheat Pool. "Canadian Pacific does not think that such an appointment is either necessary or desirable. If the railway company is furnished with information concerning the number of cars of grain to be loaded at shipping points and the rate at which the movement of grain is desired, the responsibility for seeing that the cars are provided and that grain when loaded is moved to destination rests upon the railway company and Canadian Pacific is quite prepared to discharge its responsibility in this connection."

United Grain Growers Limited also opposed the recommendation, disagreeing with the criticism directed against the Wheat Board in this connection and saying that the Commission had been given "no evidence to support it."

The United Grain Growers said: "As to whether or not the Canadian Wheat Board has any need to enlarge its staff, we consider that to be a matter entirely for the Wheat Board itself to determine. But we see no reason whatever to believe that it should reverse its action

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of a number of years ago when it abolished a former position of supervisor of car supply . . . Efficiency is to be obtained by leaving the Canadian Wheat Board, the railways and the elevator companies each as free as possible to employ all their managerial skill and the abilities of their staffs to carry out the function for which they are responsible."

It is the Commission's opinion that the recommendation for a traffic manager is a matter of internal Wheat Board administration, only indirectly related to the problem faced by the Commission—the allocation of box cars. As such, the Commission hesitates to make any recommendation other than to suggest that the proposal is one for consideration by the Board in the light of the criticism directed against it and of any changes in Board policy and administrative requirements arising out of this Report.

### *7. Alternate delivery points for farmers at single company points:*

Three organizations raised the question of competition for the business of farmers at delivery points where only one company operates. These were the Manitoba Farmers' Union, the United Grain Growers Limited and the North-West Line Elevators Association.

The Manitoba Farmers' Union and the United Grain Growers Limited proposed that consideration should be given to granting farmers at these points the right to deliver their grain to an alternate point. The United Grain Growers pointed out that in the prairies as a whole slightly more than one-third of all delivery points are served by only one company. In Manitoba, said the United Grain Growers, 209 of 278 delivery points, serving 31 per cent of the approximately 42,000 permit holders, are single company points.

Manitoba Farmers' Union said alternative delivery points were necessary, particularly for farmers at single company points, "in order that we as producers may enjoy some bargaining power, and protection from heavy losses through discriminatory action . . . We appreciate that we enjoy the protection of the inspection department of the Board of Grain Commissioners, but there are issues involved during this period of congestion which (make) it impractical to carry out. It is not at all times possible to deliver grain on a 'subject to grade and dockage' ticket.

Once a farmer obtains a delivery permit at a certain point he cannot change."

"At such single elevator points," said the Line Elevators, "the farmer does not enjoy the benefit of the competition which exists at multiple elevator points in the matter of grade, dockage and service, and he is in the hands of the particular single elevator operator . . . The farmer is debarred from competitive factors unless he is given the privilege of an alternate delivery point."

Qualified approval was given by Manitoba Pool Elevators, after raising points of difficulty. "We see difficulties at the alternate point. This second point may become congested with grain from outside the immediate area. The farmers normally delivering to a particular elevator will object if their ability to deliver is prejudiced by deliveries of grain by farmers from an adjacent area. Their objection cannot be serious, however, if the plan is reciprocal." The result of the Commission's investigation of single company points is set out in detail in the previous chapter.

It appears reasonable to suggest that the benefits arising to farmers from the opportunity of dealing with competing elevators be available to farmers at single company points as well as to those at multiple company points.

### *8. Greater use of Churchill route:*

The Hudson Bay Route Association urged the Commission to recommend greater use of Churchill and the Hudson Bay Railway. The Association also urged that shipments to Churchill should be permitted from Canadian Pacific Railway as well as Canadian National Railways points, and that the charge of 1½ cents a bushel for diversion of grain to Churchill be eliminated.

Chief arguments advanced by the Association were that there was a total saving of 20 cents a bushel on grain shipped via that route and that there was a substantially quicker turnaround on box cars used for shipment to Churchill as opposed to those used for shipment to the Lakehead. Its representative, Mr. James Gray, said: "the Canadian National Railways movement time (from Saskatoon area) to complete the return circle, including loading of cars at primary line elevators and unloading at the Port Churchill elevator, requires an average of 14

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days. From the same Saskatoon area a similar train of wheat-loaded box cars, to complete the return circle under similar conditions to the head of the lakes—requires an average of 21 days . . .”

The Association drew some support from the Manitoba Farmers' Union: “We strongly recommend additional terminal storage in the port of Churchill. The expansion of trade through this port has been most encouraging in the past few years, mainly due to the favourable savings in freight costs, and we see no good reason why this port should not enjoy maximum usage.”

These proposals come within the scope of the Commission's inquiry only with regard to economy in the use of box cars. The Commission notes that shipments through the port have been substantially increased in recent years, partly as a result of doubling the capacity of the elevator there to 5,000,000 bushels. The Commission regards the matter of shipments from Canadian Pacific Railway points as outside its terms of reference entirely.

### **Proposals Not Within Terms of Reference**

The following two proposals, one on “increased storage facilities” and another on “off-quota delivery of feed grains to feed mills,” made to the Commission are not considered to fall within its terms of reference, and therefore are included here for information only.

#### *1. Increased storage facilities:*

Recommendations for increased storage facilities came from the three prairie Farm Unions and the Canadian National Railways.

The most elaborate plan was put forth by the Farmers' Union of Alberta, which advocated the use of underground vacuum storage, which it said was used in Argentina. It suggested that such storage facilities be constructed at strategic points throughout the West, such as the heavy grain growing areas at Rosetown, Saskatchewan, and Vulcan, Alberta, as well as the Lakehead or Vancouver. The facilities, the Farmers' Union of Alberta suggested, should be built at public expense.

Saskatchewan Farmers Union advocated construction of sufficient storage also at public expense, to permit delivery of an eight bushel quota each year. “This would probably require at least another 200,000,000 bushels of space.”

It said such storage could be provided, for example, at Churchill, along the St. Lawrence Seaway, and at the Pacific Coast.

Manitoba Farmers' Union recommended construction of storage at “strategic points on rail or water sites”, expansion of storage space at Churchill, and in addition accelerated depreciation on construction of approved types of farm storage and payment of one cent a month per bushel for storage of grain on the farm, to encourage construction of “permanent, approved storage on the farm.”

Canadian National Railways recommended that “increased elevator space be provided, particularly at country points.”

One of the main arguments put forth by the Farmers' Union of Alberta in support of public storage was loss in farm storage from “insect damage, from heating, from inadequate buildings that allowed moisture into the grain, and from sprouting and heating of grain left in piles in the field.” Said the Union: “No one will ever know the extent of this loss, but it must be colossal in the aggregate.”

The Manitoba Farmers' Union suggested that with storage facilities along the main railways, “Canada could supply world markets quite readily”, the facilities would “act as a safeguard against complete destruction of grain stocks in the event of another war.” The Union was of the opinion that large public storage repositories would be more economical than storage in country elevators. The Saskatchewan Farmers Union argued that if the Wheat Board is to have its inventory in saleable positions and the classes and grades of grain on hand which customers require, it must have more storage.

Some opposition was voiced against the Canadian National Railways proposal for more country elevator space. “We feel,” said the Alberta Wheat Pool, “that there are already more than adequate storage facilities for normal crop conditions, and that the building or creation of additional space would be uneconomical and in the long run the cost would have to be borne by the producers.” Several times during the country hearings the idea was put forth that proposals which might encourage a race among country elevators to build additional space should be avoided.

Both the Saskatchewan Farmers Union and the Farmers' Union of Alberta admitted that the

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reason they wished additional storage to be built at public expense was that it would not be done, presumably at least on the scale requested, on a profitable basis for private interests.

### *2. Off-quota deliveries of feed grains to feed mills:*

It was proposed by the Feed Manufacturers Trade Section (Manitoba division) that feed mills be permitted to purchase, off quota, "wheat of grades from Number Four down to Feed and other feed grains direct from those producers who, in turn, purchase from the feed mill a similar quantity of animal or poultry feed."

The Feed Manufacturers' representative, told the Commission that the proposal "touches box cars in that feed grains are being shipped from far away points using box cars and if grain could be available from nearby points under this plan there would be less use for box cars. I think there is a wastage of box cars there."

The proposal has some implications for the economics of feed manufacture and diversified farming and for the control of quotas by the Wheat Board. It has very little for the allocation of box cars.

### **Representations by Farmers**

At the request of many farmers and many farm organizations, the Commission agreed to the holding of several country meetings. There were 16 such meetings held under the sponsorship of the provincial farmers' unions in each of the 3 Prairie Provinces—8 were held in Saskatchewan, 4 in Manitoba and 4 in Alberta.

These meetings were called by the Farmers' Unions for the purpose of hearing the opinions of local people as to how the problem affected them and how they thought it could best be met. Representations made at these meetings sometimes dealt with but one point and sometimes with several, hence they do not lend themselves readily to comparative conclusions based on a statistical summary. Nevertheless, it has appeared to us that some general conclusions from them should be made for the information of the public as well as for the record.

In all, 2,025 briefs were received at these hearings—846 being presented verbally and 1,179 filed with the Commission for subsequent consideration.

We found that 28 of these briefs could not readily be classified. Of the 1,997 remaining, slightly more than one-half (1,005) supported various points of view put forward by the Pool organizations; somewhat less than one quarter favoured retention of most aspects of the present car allocation system; about 19 per cent were strongly opposed to any scheme of voting which might tie farmers to particular elevators for a year at a time—they insisted on maintenance of the right to deliver to the elevator of their choice "any day and every day"; and rather more than 6 per cent in favour of one or other of the plans advanced by the United Grain Growers Limited or the North-West Line Elevators Association at the Winnipeg meetings.

As to the 1,005 briefs which supported various points of view put forward by the Pools, nearly all had a common objective, viz., the right to use the elevator of their choice; but there were differences of opinion as to how that objective could be achieved. About half of the Pool briefs stressed the view that all farmers should at all times be able to exercise the right of delivery to the elevator of their choice; nearly one-quarter supported one or other of the voting schemes; about one-eighth of them supported the "first in, first out" idea of the Saskatchewan Wheat Pool; and about the same proportion of briefs submitted by Pool supporters favoured various plans such as distribution of cars to full elevators, or in such a manner as to maintain or equalize space in all elevators.

As to the 992 briefs which favoured some procedure other than those advanced by the Pools, about one-half (47 per cent) favoured retention of most aspects of the present car allocation system; 40 per cent strongly opposed any scheme of voting which might tie farmers to particular elevators for a year at a time and insisted on maintenance of the right to deliver to any elevator of their choice "any day and every day"; the remaining 13 per cent of non-Pool briefs supported one or other of the plans advanced by the United Grain Growers Limited or North-West Line Elevators Association at the Winnipeg hearings.

These submissions seemed to make reasonably clear what most of the farmers were against;—nearly all were against any plan which might

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tie a farmer against his will to any one elevator for a year at a time; a large majority was opposed to the present formula for allocating cars; and a considerable majority was against the voting plan.

It seemed also quite clear what objectives the majority favoured. It appeared that about 3 to 1 favoured a change in the present method of allocating box cars; that a considerable majority would favour allocation on the basis of deliveries, in preference to either the present formula, or the voting system or stocks in store.

Only about 1 in 8 spoke or wrote in favour of the voting system and an even smaller proportion in favour of stocks in store.

From the submissions made at these meetings, and from discussions with many farmers, it appears that two procedures which would have the widest support and the least opposition, are (1) the right at any time for a farmer to use the elevator he prefers at a shipping point and (2) the right of companies to receive cars in proportion to the grain delivered to them by farmers.

## CHAPTER VIII

# Analysis of Congestion and its Effects

### *Conflicts of interest arising out of congestion in storage and handling facilities:*

The problem of box car allocation has been a matter of controversy in times of congestion since the early years of the Second World War. Had there been an easy and generally acceptable solution, it would have been reached before now. The fact is that many honest and able men in every phase of the grain business have searched for a solution and failed to find one acceptable to all.

The conflict of interest which precludes a settlement suitable to all interested groups is evident in the proposals placed before the Commission, as outlined in the previous chapter. The solution acceptable to an elevator company is not necessarily acceptable to a railway company or to a farmer. Nor is a solution acceptable to a privately owned elevator company necessarily acceptable to a farmer-owned company. Even farmer-owned companies did not agree as to what was the best method of allocating box cars at individual shipping points in a period of congestion. Four farmer-owned companies put forth three different proposals.

The degree of conflict of opinion among farmers themselves was evident from the wide variety of opinions placed before the Commission staff at the hearings held at delivery points throughout the Prairies. These will be found summarized at the end of Chapter VII.

What is less obvious, perhaps, than the conflict of interest between groups and within groups, is the conflict between the various interests of the individual farmer himself. This conflict arises from the complicated nature of the machinery by which his grain is bought, handled, stored, shipped and finally sold for consumption at home or abroad. It is compounded by the fact of congestion in the mechanism, and the policies required to mitigate the worst effects of congestion, particularly as they apply to the individual farmer.

One obvious area of conflict amongst the various interests of the individual farmer lies with

his strong desire to maintain the Canadian Wheat Board as the sole primary buyer and seller of his wheat, oats, and barley (this applies to the vast majority of farmers) and his almost equally strong desire for maximum competition amongst country elevator companies for his business. Introduction of the Wheat Board limited the fields in which the country elevator companies could compete for the farmer's business. To a considerable degree it transformed the country elevator companies from primary buyers, handlers and sellers of wheat, oats and barley to storage and handling agencies of the Wheat Board. The skill and energy of a company in marketing no longer counts for much as a competitive factor except in limited areas, such as rye, flax, malting barley, sales to mills, and special crops, including rapeseed.

Within this system new conflicts of interest have arisen. The Wheat Board, with the strongest of support from the farmers, pursues a policy of maintaining stable prices. This requires that the Board exercise the closest possible control over the quantities of various classes and grades of grain moved forward to positions where they can be sold. At the primary marketing level, the farmer wishes at the same time to be able to deliver whatever grain he chooses, in whatever quantity he may within his quota limitations, whether or not the grain is readily saleable. There is a conflict between his desire for stable prices and his desire to deliver—sometimes the necessity for him to deliver—a particular class or grade of grain. There is also a conflict between the farmer's desire to be free to choose what grain he will deliver and his desire that, to the benefit of all farmers, the Wheat Board and the grain trade sell maximum quantities of all grains, for plugging grain channels with unsaleable grains can and has slowed movements and sales of other grains.

The difficulties of reconciling these conflicts are redoubled in times of severe congestion, when the Wheat Board is called upon to ration

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space among farmers, to ration shipments among companies, and at the same time to ensure maximum sales and thus maximize total deliveries, by moving forward only the most readily saleable grains.

### *The build-up of congestion:*

The background of the controversy about the allocation of box cars is the most prolonged and severe period of congestion in the history of the Canadian grain trade. It is profitable at this point to examine the build-up of congestion and its effects on competition, on patterns of deliveries and stocks, and on farmers' rights.

In the seven years 1950 to 1956 prairie farmers produced quantities of grain far in excess of production for any similar period of prairie history. Production of the five major grains—wheat, oats, barley, rye and flax—averaged 1,072.2 million bushels a year. This exceeds the average annual production of the 20 years (1937-1956) by approximately 201 million bushels and the average for 1945-49 by more than 361 million bushels.

A high level of exports has been sustained throughout most of this recent period of heavy production. Exports of the five major grains and their products averaged 431.6 million bushels a year, compared with the 20-year average of 320.6 million bushels and the 1945-49 average of only 294.7 million bushels. At the same time country and terminal elevator capacity was substantially increased to accommodate the greatly increased demand for storage space. Licensed country elevator capacity operated by the Pools, the United Grain Growers Limited and members of the North-West Line Elevators Association increased from 266,118,850 bushels at the end of the 1949-50 crop year to 375,692,540 bushels at July 31, 1957. Licensed terminal elevator capacity operated by these same groups at the Lakehead and the Pacific Coast increased from 103,276,710 bushels to 115,608,710 bushels.

The high level of exports and the increase in storage capacity enabled farmers to deliver huge quantities of grain throughout this period. Primary marketings of the five major grains averaged more than 632.6 million bushels during the seven crop years 1950-51 to 1956-57, compared with the 37 year (1920-21 to 1956-57),

average of 447.2 million and the 1945-46 to 1949-50 average of 456.4 million. In spite of the heavy deliveries made possible by large exports and increased commercial storage space, there was a massive build-up of grain stocks on farms. The average farm carryover of the five major grains on July 31, 1951 to 1957, was 270.8 million bushels, compared with the 20-year average of 151.7 million and the 1946-50 average of just over 80 million. The wheat carry-over on farms alone averaged 144 million bushels, compared with the 20-year average of 78.3 million and the 1946-50 average of only 28.2 million.

With commercial and public storage facilities plugged, stocks of the five major grains remaining on prairie farms reached the all-time peak on July 31, 1957, of 560.8 million bushels, of which 315 million bushels were wheat.

### *The effects of congestion on country elevator competition:*

The introduction of the Wheat Board system of marketing brought the country elevator system into the storage business more than previously. Whereas the country elevator company was formerly a buyer, handler, shipper and seller of grain, it is now mainly a custodian of Wheat Board grain, although the role is unchanged as regards rye, flax and certain special crops such as rapeseed, sunflower, safflower, field peas and buckwheat, crops which make up only a small fraction of the total business.

Under the Wheat Board operation there are six main competitive factors in the country elevator business:

- (1) The personality and ability of the elevator agent.
- (2) Patronage dividends.
- (3) The activities of local committees of farmer-owned elevators, particularly the three Pools.
- (4) The quality of the handling facilities.
- (5) The space available for storage of grain.
- (6) Supplementary services.

The importance of each of these factors varies greatly in accordance with circumstances. The personality of the agent, the confidence he commands from farmers, his ability to get them to agree with him on grades and dockage, the efficiency with which he carries out his duties,

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are important at all times and are diminished in effect during times of congestion only by the number of box cars he is permitted to receive, and the consequent result on the storage capacity he is able to make available in his elevator for the grain of his patrons.

The influence of local committees is also important at all times and in time of congestion is only restricted by the same limitation. Patronage dividends are equally important, for they have a direct bearing on net returns on grain.

Supplementary services supplied by elevator companies are many and varied. They include sale of fuels, fertilizers, chemicals, binder twine, seed, feedstuffs, insurance and so on, not infrequently credit for the purchase of these supplies and services, and aggressive selling of non-Board grains and special crops. Grain cleaning facilities are another important supplementary service. Like the other competitive factors outlined above, the importance of most of these services is limited in times of congestion by the number of box cars received at his elevator and the space the agent can make available for the grain of his patrons. The exception is aggressive selling of non-Board grains and special crops.

Space is perhaps not a major competitive factor when grain is moving freely—its main value is for building up carload lots of grain from wagon and truckload lots. But during a period of congestion it becomes, at times, almost a dominant factor. Then empty space is like a vacuum, drawing in grain to fill it, for there is tremendous pressure from farmers to deliver their grain and receive their payment for it.

Extreme cases of congestion are more frequently approached at individual country delivery points than in the elevator system as a whole, because of the irregular arrival of box cars to ship grain. The Commission was told during the course of the country hearings that some points frequently go for weeks without any cars at all. At such times no company can do business beyond its capacity to store grain. The storage capacity of country elevators varies from less than 50,000 bushels to more than 100,000—the average is about 71,000 bushels. The Pools average 76,400, the United Grain Growers 72,400 and the Line Companies 66,800.

### *Marketings and stocks in time of congestion:*

Congestion in the grain channels has radically altered the patterns of both farmers' marketings and commercial grain stocks. To assess the extent of the change in its broadest aspects the Commission examined two periods of relatively free movement of grain—1934-35 to 1938-39, and 1945-46 to 1949-50—and one period of congestion—1952-53 to 1956-57.

During the earlier free flow period, on the average, prairie farmers had delivered 79 per cent of their total marketings for the crop year during the first five months—i.e. by December 31. A similar pattern developed during the second free flow period when an average of 71 per cent had been received at country elevators by December 31. In contrast to these figures, during the period of congestion farmers were able to deliver an average of only 44 per cent of their marketings for the crop year by December 31.

In periods of free flow, stocks of grain in commercial storage are generally much lower in relation to storage capacity than in periods of congestion. In the period 1934-35 to 1938-39, average month-end stocks for the five years represented 29 per cent of licensed elevator capacity. On the average the peak was 51 per cent of capacity at the end of October and the low point 25 per cent at the end of the crop year, July 31. In the 1945-46 to 1949-50 period the pattern was similar, with month-end stocks averaging 35 per cent of capacity for the whole period, the peak averaging 51 per cent at the end of October and the low averaging only 18 per cent at the end of July.

During the period of congestion, month-end stocks have averaged no less than 76 per cent of capacity, which, it must be noted again, has greatly increased. The peak, averaging 80 per cent, has come not during a fall delivery rush as in periods of free flow, but at the end of the crop year when the rush is on to get out the final delivery quotas, which are not transferable from one crop year to the next. The average low point in stocks, 71.2 per cent of capacity, has come at the end of May, a few weeks after the opening of navigation on the Great Lakes, when shipments from country elevators are heavy and farmers are too busy with spring farming operations to deliver similar quantities of grain to the elevators.

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### *Effects of congestion on farmers' rights:*

In normal times the prairie farmer is amply protected by law in the storage, handling, shipping and grading of his grain. His rights are given the force of law in the Canada Grain Act and the Railway Act. These rights can best be dealt with under separate headings.

(1) *The right to have his grain accepted for storage:* Under the Canada Grain Act, the farmer may deliver his grain to any public country elevator or any public or semi-public terminal elevator and have it accepted for storage, subject to the following conditions:

- (a) That the elevator has space for the class and grade of grain offered.
- (b) That the class of grain offered is one for which grades have been set by statute or by regulation of the Board of Grain Commissioners.
- (c) That the grain is in suitable condition for storage.
- (d) That the grain is not contaminated by poisonous substances.

The first two require no comment. Clause (c) is subject to the discretion of the elevator company, while (d) is an outright ban, backed by penalties for failure to comply.

(2) *The right to transportation for his grain:* Under the Railway Act, the farmer enjoys all the protection afforded the Canadian public as regards provision of transportation and loading and unloading facilities and also as regards non-discrimination between shippers and between areas.

Under the Canada Grain Act he enjoys additional protection. Any farmer or group of farmers having a carload of grain for shipment may order a car for shipment of the grain and have it spotted at any loading platform, siding or elevator for loading. This ensures the farmer's right not only to transportation for his grain but to by-pass the elevators in the process of shipping it.

By an amendment to the Canada Grain Act in 1947, it was further provided that the farmer, upon selling his grain, could transfer his right to the car ordered through the car order book to the purchaser. This right has limited importance as it applies to wheat, oats and barley for the law has been so interpreted that the right to the

car is transferred not to the elevator, which is the custodian, but to the Wheat Board, which becomes the owner.

(3) *The right to official grade and dockage:* Subject to the condition that there is space in the elevator concerned, the farmer has the right to demand that an elevator accept his grain for storage, give him an interim storage receipt for it, and send a sample to the Board of Grain Commissioners for an official assessment of grade and dockage. When this is received, he may demand that the elevator accept it at the official grade and dockage and issue him a regular storage receipt.

In time of congestion in the elevator system, the degree to which farmers may exercise these rights is limited both by the physical fact of congestion and by policy decisions.

His right to deliver to any elevator is subject to the condition that the elevator has space for the class and grade of grain offered. Frequently, during periods of congestion, the elevator has no space for the class or grade offered and even no space at all.

Other limitations on the farmer's rights are related to the Wheat Board quota system. Under the Canadian Wheat Board Act, the Board has power to override sections of the Canada Grain Act. Whereas the Canada Grain Act gives the farmer the right to deliver his grain to any elevator at any point, the present permit system restricts him to one point, which he may choose and which he must decide at the time he takes out his delivery permit book. If there is only one elevator company operating at the point he selects, he has no further choice at all. If there is more than one company represented at the point, he may choose from day to day which elevator he prefers to patronize.

The operation of the quota system also limits his right to command space even in the elevators at the point he has chosen, for when his quota is filled he cannot deliver any grain subject to quota, whether or not there is space for the grain he wishes to deliver.

These restrictions are generally accepted by farmers throughout the prairies in recognition of the fact that in time of congestion some system of quotas is necessary to enable all farmers to deliver some grain.

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A further restriction is imposed by the Wheat Board in the interest of maintaining equitable quotas as between the various points. It may within its powers, and frequently does, ban all shipments of grain from any point because there is ample space at the point for the quota in effect, even though one or more elevators may be full and in need of cars. At such times the full elevators are unable to accept the grain of their regular patrons or compete for the grain of others. The principles behind this practice are equity in quotas from point to point and maximum use of the space available. The former principle is generally accepted by farmers and the latter also insofar as it affects quotas only. But one consequence of embargoes is that some full elevators are thereby immobilized and their patrons thus restricted in the right to use them. This limitation on the farmer's ability to choose his elevator is not accepted as just or necessary by many farmers.

It should be kept in mind that the Wheat Board, even in times of congestion does not restrict farmers' deliveries with regard to classes or grades of grain. The Board may, however, and frequently does, restrict shipment of particular classes and grades of grain from country elevators to terminals. This restriction on the right of elevator companies to use their own judgment in moving grain out of their country elevator facilities, inevitably has some adverse effects on the ability of the companies to handle the grain of the farmers who wish to do business with them. It is also a contributing fact to the problem before us—the distribution of box cars at local points.

### *Companies' shares of business during congestion:*

Much of the controversy over the allocation of box cars centres on the share of business each company is able to do, which in times of congestion depends on the space they are able to provide either as a result of the number of shipping orders received from the Wheat Board or from building additional space. Many of the submissions to the Commission were concerned with the allocation of shares of business to companies by the Wheat Board, and implied that by altering the share of business allocated to a particular company, or even to a particular elevator, the Wheat Board could ensure farmers the right to deliver their grain where they choose.

In order to evaluate this implied contention, the Commission examined shifts in business as between groups of companies and as between individual elevators at competitive points. It compared actual business done, in terms of bushels of grain, with percentage shares of business. It also compared the number of delivery permits taken out through various groups of companies at the start of the 1957-58 crop year with preliminary returns on business done by them during the 1957-58 crop year. The Commission used, in the main, the figures covering operations of the three farmer-owned Pools for the purpose of obtaining the results of this analysis because they are the only companies which make a practice of publishing estimates of their business. The Commission used official figures, and in order to comply with the provisions of the Statistics Act, the figures were grouped together.

(1) *Companies' shares of business and shares at country points:* Between the crop year 1952-53, the first year of severe congestion, and 1957-58, the three Pools' share of total primary receipts at country elevators increased by 3.1 percentage points—from 41.9 per cent to 45 per cent. Examination of their shares of business at individual country points, however, revealed wide discrepancies between companies' shares overall, and shares at any point. For purposes of this analysis, only competitive points were examined and points at which the Pools had absorbed a competitor or closed an elevator were excluded.

Of the 1,215 points thus examined, 703 showed an increase in the pool share of primary receipts and 512 showed a decrease. For those points showing an increase, the average percentage point increase was 6.25, but the increases at individual points ranged as high as 37.9 percentage points. For the points showing a decrease, the drop averaged 5.32 percentage points, but the drop in shares at individual points was as much as 34.8 percentage points.

It should be noted that many factors contribute to the varying change in shares of business at individual points—e.g. changes in elevator agents, changes in relative capacity, and the manner in which elevator companies divide Wheat Board shipping orders between the elevators in their respective chains, at individual country points.

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(2) *Companies' percentage shares of business compared with bushel volume of business:* The three Pools, as a group, handled the largest volume of primary receipts in their history in the 1952-53 crop year—no less than 349,791,408 bushels of the five major grains. Their percentage share of total primary receipts was, however, only 41.9, second lowest in the 13 postwar years, 1945-46 to 1957-58. Their lowest volume of receipts during the same period was 173,737,200 bushels in 1947-48. This was 43.5 per cent of total primary receipts for the year, which was sixth lowest among their percentage shares in the 13 years. In the crop year 1949-50, the three Pools enjoyed the highest percentage share of total business during this same 13 year period, 46.3 per cent, but their actual receipts were only 212,604,290 bushels, which was their third-lowest total receipts for the 13 years.

(3) *Companies' shares of business compared with storage capacity:* It may be noted at this point that the three Pools succeed in turning over their space more frequently than their competitors, particularly during periods when grain is moving freely but also during congestion. During the period of congestion, however, the margin between their rate of turnover and that of their competitors as a group has been narrowed substantially. To illustrate, during the first 12 postwar years the greatest disparity between the rate of turnover of Pool elevators and Line elevators came in 1949-50 when the bushel volume of grain handled by the Pools was 2.03 times the rated capacity of their elevators and the bushel volume handled by Line elevators only 1.49 times their capacity—a difference of about 18 cars at a 70,000 bushel elevator. The disparity was lowest in 1953-54 when the Pools turned their space over 1.89 times and the Line elevators 1.77 times—a difference of 4 cars per 70,000 bushel elevator. This latter situation reflects, to a great extent, the strong pressure for business shares to reflect the relative physical capacity of companies to store grain at a time when storage space is at a premium, and when box cars are not provided at each elevator in proportion to the desires of its patrons.

(4) *Companies' shares of business compared with sign-up of delivery permits:* It was stated to the Commission, to some extent at the hearings on the major briefs at Winnipeg but more

so at the country hearings, that farmers generally take out their delivery permits at the elevators at which they wish to do business. This is not strictly so, for the agent may be absent from the elevator when the farmer wishes to get his permit and the farmer may well change his mind during the course of the year. The sign-up of permits is, however, a good general guide to the delivery intentions of farmers at the time the permits are taken out.

On this basis, the business shares of the three Pools as a group correspond fairly closely to the shares they might be expected to get in accordance with farmers' intentions. For purposes of this analysis, the Commission compared the actual sign-up of permits at the commencement of the 1957-58 crop year with preliminary returns on business done in the 1957-58 crop year. The Pools, with nearly 40 per cent of total country elevator capacity, signed up 43.4 per cent of the permits for 1957-58 and handled 45 per cent of total primary receipts for 1957-58. Non-Pool companies, with some 60 per cent of the total capacity, and 56.6 per cent of the permits, handled 55 per cent of the business.

The analysis of changes in business shares, outlined above, indicated the great discrepancies which can occur between the situation of an elevator company or group of companies and the situation at an individual point. The Commission, therefore, examined permits at some country points. It was unable to detect great discrepancies between the shares of business done by individual elevators and their actual sign-up of permits. Examination of permits at a few points did reveal that the more or less enforced interchange of patronage between elevators is often a two-way street. Not only have Pool patrons, for example, delivered grain to other elevators, but patrons of other elevators have delivered to Pools. In this regard, the Commission would point out that virtually all country elevators are public elevators and, under Section 109 of the Canada Grain Act, any farmer can claim space in them provided that (1) they are at the point specified in his permit book, (2) he is entitled to deliver grain under the existing quota and (3) the elevator has space for the class and grade of grain offered. This means that a farmer who is indifferent as

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to which elevator he patronizes, may claim space in any given elevator at his point, crowding out its regular patrons.

### **Conclusions**

Certain conclusions can be drawn on the basis of the foregoing analysis:

First, that in time of congestion changes in the share of business allocated, through shipping orders, to the different companies are in many cases not passed on in proper proportion to individual elevators operated by these companies at country points. The fact is the companies have endeavoured to distribute their shipping orders in what they considered the companies' own best interests.

Second, that therefore in time of congestion the problem of ensuring farmers the maximum possible freedom to choose where they do business cannot be solved merely by altering the share of box cars allocated to companies through shipping orders—unless each company is required to pass on these orders in such a manner that its local elevator at each point does not become full when others at such points may have space and are free to do more business.

Third, freedom of choice cannot be ensured even by altering the shares of shipping orders given to individual elevators, because of the operation of Section 109 of the Canada Grain Act—unless (1) the shipping orders it receives from its parent company are fair in relation to its needs and (2) the cars placed by the railway are in proportion to the shipping orders held.

Fourth, that in time of congestion it is impossible to ensure that every farmer can deliver his grain at all times to the elevator where he prefers to do business—unless the box cars are distributed to the elevator he prefers in sufficient proportion to keep it from being “plugged” and therefore out of business when other competing elevators are not.

### **General Observations**

#### *The position of the farmer:*

No farmer wishes to be restricted in the choice of the elevator he desires to use—he feels that by exercising this choice he may sometimes get a better grade or less dockage. Many of those who cannot do all their business at their own

elevator have an additional objection—the earnings on their investment are unintentionally but arbitrarily reduced, earnings which in many cases are paid only in the form of patronage dividends on the business they do with their own elevator.

To the extent that producers cannot choose between elevators, they feel they are denied the benefits of competition. To the extent that patronage dividends are denied to a farmer by any procedure, it is an unfair charge upon his income. It is unfair because it is discriminatory in its incidence—falling upon some and not others.

We find this to be one of the chief causes of the present atmosphere of protest among Western farmers. In our view, it is ample justification for protest.

#### *The position of the elevator company:*

Forty-five different elevator companies receive shipping orders from the Wheat Board. The Board allocates these shipping orders on the basis of some formula not heretofore made known either to the elevator companies, to the farmers, or to the public. The Board thus determines the amount of elevator business each elevator company shall have.

The Commission is of the view that those who protested against this withholding of information by a government agency administering the marketing business of 230,000 farmers, are justified in their protest. We are also of the opinion that what amounts to a division of business between companies by a government agency, is not fair to the Wheat Board itself nor is it a practice that commands itself to the Canadian people.

The Commission is forced to the conclusion—and in this it is in agreement with the great majority of farmers and the Wheat Board itself—that the only defensible principle of box car allocation is on the basis of the farmer's wishes as expressed by his actual deliveries when all elevators are competitive—that is when each full elevator at a point, when others are not full, has had sufficient cars to give it empty space to enable it to accept further business.

#### *The position of the railways:*

There have been car shortages in the past. But the number of railway box cars provided

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by the railways is not now a major problem. The farmers' present protest is not against a shortage of cars in the old sense—his protest now is against what some have called the mal-distribution of cars.

The railways' complaint is that their cars when loaded with grain are sometimes left unloaded at the terminals in unnecessarily large numbers and for unjustifiable lengths of time. Box cars, it will be conceded, are not made for storage except during transportation. It is, therefore, unfair to the railways that their cars should be used in storing grain or that they should be tied up, unloaded, for undue lengths of time and thus unavailable for their proper function. Inefficiency in railway operation is always paid for in the end by those who use the railway services, including farmers.

The railways' case for improvement of the procedures which now tie up large numbers of their cars, we found to be convincingly established.

### *The position of the Wheat Board:*

The Canadian Wheat Board is a body appointed by the Government of Canada to administer the Wheat Board Act. By that Act this Board has been given the responsibility for marketing all of the wheat, oats, and barley produced on the Prairies for export and inter-provincial trade. In the seven years 1950-51 to 1956-57 the Wheat Board has purchased from farmers the enormous amount of 4,264,675,742 bushels of grain; and it has sold grain to the value of \$5,703,124,307.30. The tremendous task thus undertaken and carried out by the Wheat Board during this period of congestion exceeds in volume anything ever undertaken in the past. It is a task that neither administrative officials nor this Commission should presume to offer advice upon, except after the most careful study.

In its task of marketing the crop of each farmer, the Board has accepted many heavy responsibilities but it has not accepted the full responsibility for distributing cars among competing elevators at individual shipping points. It has divided its shipping orders (cars) among elevator companies and has left with the latter a very large degree of responsibility for the distribution of these shipping orders to their local elevators. As a consequence of this procedure,

no one knows whom to blame for any unsatisfactory results—the Wheat Board, the elevator companies or the railways. This diffusion of responsibility, with the resultant criticisms, is one of the contributing factors in the present unrest about car distribution.

The Wheat Board very properly lays emphasis on the importance of its selling function—a function which all related interests agree, and which we agree, is of primary importance among the Board's duties. In its related task of purchasing, storing and shipping the crop of each farmer, two indirect consequences of two necessary procedures have been contributing causes to the present controversy.

(1) The Board has had to apportion shipping orders amongst companies, but the formula it has used in doing so has not been given to the public and its results are reported to us as not having been acceptable to any group of companies.

(2) The Board has felt it had to ban shipments of grain from many different points from time to time in the interest of uniformity of quota and maximum use of space, and one of the consequences of doing so has been that full elevators have on occasion been immobilized while competing elevators at the same point, having space available can keep on taking in business, not only from their regular patrons but from those who would ordinarily patronize the full ones. This is one of the major sources of friction facing the Wheat Board.

### *The Government of Canada in relation to the problem:*

The Canadian Wheat Board Act is a statute passed by the Parliament of Canada. This Act places upon the Canadian Wheat Board the responsibility for marketing that part of the grain crop of Western Canada which enters into interprovincial or export trade. The Board is thus the agent of the Government of Canada for that purpose. Any action of the Wheat Board, therefore, becomes an act for which the Government of Canada has no choice but to accept responsibility.

Thus if the Canadian Wheat Board, however indirectly, restricts the rights of farmers to do all of their elevator business where they choose, at a given shipping point, the Government is

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in the position of having to accept responsibility for that action or for taking steps to see that it is not perpetuated.

Thus, also, when the Canadian Wheat Board, however unintentionally, restricts the right of a farmer to use his own elevator and thereby deprives him of patronage dividends on a part of his own grain business, the Government must accept responsibility for such action or take steps to prevent its continuance.

Likewise when the Canadian Wheat Board, on the basis of some untold formula of its own making, whether on the direction of a Minister of the Crown or otherwise, determines the share of elevator business each company shall have on some other basis than that arising from cur-

rent competition amongst themselves, the Government of Canada must accept responsibility for that arbitrary division of business or take steps to see that it, too, is not continued.

It appears to your Commissioner that Parliament, with all the wide powers it has given the Wheat Board, has not consciously given it the power to abrogate these basic rights. In our judgment, the Wheat Board, quite unintentionally and with the best of intent, now finds itself an innocent but nonetheless contributing party to procedures that we doubt the Parliament of Canada would now approve if it were asked to do so. It is our view that these fundamental rights should not be infringed upon unless specifically authorized by statute or by the considered judgment of the Government.

## CHAPTER IX

### Findings and Recommendations

We were asked to inquire into:

"the distribution of railway box cars for the movement of grain amongst country elevators at individual shipping points in Western Canada and to recommend procedures or methods by which as high a degree of equity and efficiency as possible may be achieved, particularly during periods of congestion, taking into account all relevant factors including . . ." producers' choice of elevator, car order book provisions of the Canada Grain Act, market requirements for particular kinds and grades of grain, the necessity of utilizing all facilities to the maximum, the Canadian Wheat Board delivery quota system, and the most economic use of railway rolling stock.

We find that the box car distribution problem affects:

- A. The 230,000 producers of wheat, oats, barley, rye and flax who have permits from the Wheat Board to deliver grain to the elevator companies.
- B. The 5,343 elevators owned by 45 different elevator companies which are the Wheat Board's agents for buying, storing and shipping grain—in recent years some 600,000,000 bushels annually.
- C. The two railways which own the box cars available for the shipment of this grain.
- D. The Canadian Wheat Board which is the Government's agency charged with the task of buying, storing, shipping and selling grain to the value—in recent years —of more than \$900,000,000 annually.
- E. The Government of Canada which, through the Minister of Trade & Commerce, is responsible to Parliament for the administration by the Canadian Wheat Board of this vast project.

The problem has arisen because of:

- A. The huge crops of grain grown in Western Canada during the years 1951-1956 inclusive, by far the largest total ever produced in any similar period;

- B. The inability of the Canadian Wheat Board to find markets for all of the wheat, oats and barley available each year for interprovincial and world trade; and
- C. The resultant pileup of unsold grain in the elevators and on the farms of the Prairie Provinces, also, the largest ever experienced in any previous five-year period.

The chief protests which gave rise to the inquiry had to do with the infringement, however indirect, of what many farmers and others regard as their basic rights, viz.,

- (a) The right to do their grain business at whatever elevator at their delivery point they find it advisable to do it.
- (b) The right of farmers who own their own elevators to use them for all of their own business if they wish to do so; and
- (c) The right of elevator companies not to be denied whatever business they can earn in fair competition.

The criticisms that reached us later increased in number and variety—and the remedial measures proposed kept pace with them. Both are dealt with elsewhere in this Report. It is sufficient here to say that of the many carefully prepared submissions made to us;

- (a) There was wide objection taken to certain features in each.
- (b) There was general acceptance of some features of most of them; and
- (c) There was no general approval of any submissions that reached our hands from any of the leading organisations affected.

#### Relating to the Instructions to the Commission

##### *Equity and Efficiency:*

For more than half a century the western grain farmer has had both equity and efficiency as his objectives. Many of them feel that the

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procedural rigidities made necessary by the congestion have cramped both individual and organized efforts in this direction. It is our view that the restoration of competitive conditions at country points, as far as that is practicable, will do more to bring about a greater measure of equity and efficiency in the grain handling business than anything else.

(1) In view of the widespread objection to the use of the present formula in the allocation of shipping orders to the different elevator companies and the resulting distribution of box cars at local points, *it is recommended that the present box car distribution procedure give way to a more fully competitive elevator operation—both at local points and as between companies—as far as this is practical under present conditions.*

### *Congestion:*

Grain congestion comes whenever we produce for sale more than we can sell. Congestion—and with it box car problems—will disappear when we sell as much as we produce for sale.

(2) As to the large surplus of grain overhanging the market and its impact on car distribution, we commend both the Minister and the Government for their aggressive sales policy, and *it is strongly recommended that these policies be continued with increasing vigour and aggressiveness.*

## **The Relevant Factors**

### *Producers' choice of elevator:*

The one thing more often approved than any other in all of our hearings and in all the briefs presented, was that farmers should not be unduly restricted, however unintentionally or indirectly, in their right to use any elevator they wished at a shipping point. They disagreed on the voting system as a means to that end but they were practically unanimous as to the end itself. This point is considered further in the discussion preceding recommendation No. 8.

### *The car order book provisions of the Canada Grain Act:*

The Canada Grain Act is the fruit of many years of struggle by the organized farmers of Western Canada; the car order book provisions

are an important part of that Act. Present quota regulations have made them inoperable for the time being, since most farmers cannot deliver grain in car lots under the quota system. To repeal these provisions would be to invite widespread criticism from all sections of the Prairies.

(3) Since the Canada Grain Act is widely regarded in Western Canada as the grain farmer's "charter of rights", *it is recommended that the Car Order Book Provisions of that Act, though largely inoperable now, remain as an integral part of that Statute but that consideration be given to the proposal for repeal of Section 62(4)—(Grain loaded by subsequent owner).*

### *Market requirements for particular kinds and grades of grain:*

"Kinds of grain" in this context means wheat, oats, barley, rye and flax—the first three of these being under full control of the Wheat Board. The market demand for each of these varies from time to time.

The standard "grades of grain" are many—28 for wheat, 9 for oats and 8 for barley. The market demand for each grade also varies from time to time. The need for markets for these kinds and grades of grain and for other farm products is at the heart of the Canadian agricultural economy.

(4) Since the Wheat Board's sales organisation is widely regarded as efficient, *it is recommended that no procedure be allowed to impair the Board's sales efficiency or to get in the way of bringing forward the kinds and grades of grain most needed to meet market requirements from time to time.*

### *The necessity of utilizing all facilities (space) to the maximum:*

The maximum use of elevator space in times of congestion is desirable; but it is neither desirable nor democratic to force its use, however indirectly, by procedural methods which interfere with fair competition between farmers and between companies. Forbidding shipments of grain from a delivery point, (the practice of embargoing), when one or more elevators are full but others have space to take in more grain,

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prevents the former, for the term of the embargo, from competing for farmers' business. An embargo for the purpose of equalizing quotas has a measure of justification, but when its use immobilizes certain elevators and not others, this aspect of it becomes an unwarranted interference with basic rights.

(5) While recognizing that the maximum use of elevator space is desirable in a period of congestion and that banning shipments from time to time from certain points for purposes of quota uniformity is considered necessary,

*it is recommended that, whatever the future policy of banning shipments may be, at points which have one or more full elevators while others have space available for new business, the practice of embargoing shipments from full elevators at such points be discontinued.*

### The Canadian Wheat Board delivery quota system:

The quota system in our judgment is a necessary measure of social justice, at a time when hardship on a wide scale would otherwise result. As such, we think it should be continued to the extent possible short of interfering with sales efficiency or maximum use of space.

But no one should think of the quota system as a measure of economic justice. The degree of social justice it achieves is at the price of interfering with economic efficiency on the many farms which do not succeed, in a period of severe congestion, in getting all the year's crop sold by the end of the crop year.

(6) *It is recommended with respect to the quota system*

(i) *that during the period of severe congestion the quota system as a measure of social justice be continued; on as equitable a basis as practicable,*

(ii) *that sales efficiency or use of space be not sacrificed for quota uniformity,*

(iii) *that a review of the uneconomic effects of the quota system be made by the Wheat Board with a view to bringing to that system a degree of economic justice as well of social justice,*

(iv) *that the permit book procedure—a necessary feature of the quota system—be so modified as to make possible for producers at single company points an alternative choice of elevators such as is now enjoyed by producers at multiple elevator points.*

### The economic use of rolling stock:

The use of box cars for storing grain is unsound and uneconomic. Yet cars of grain have piled up from time to time at terminals often by the hundreds, sometimes by the thousands, and occasionally for months at a time. These congestions arise from lack of sufficient co-ordination on the part of the Wheat Board, the railways, the elevator companies and the terminals. Each, in entirely legal ways, seeks its own desired ends, yet the outcome is car congestion for which each must bear a portion of the blame. This matter is further considered in the discussion leading up to Recommendation No. 9.

### The distribution of box cars at individual shipping points:

The farmers who appeared before us, or who made representations to us either singly or in groups, proposed among other things:

- (a) That one or other of certain voting systems be used to determine the desire of producers as to the elevator they wished to use;
- (b) That no procedure be adopted that would tie a farmer to the use of only one elevator;
- (c) That the right of farmers to do their elevator business where they choose be not unnecessarily denied them;
- (d) That the right of farmer-owners of elevators to do all of their elevator business at their own elevators be not unnecessarily restricted;
- (e) That the quota system be made to apply more uniformly and more equitably;
- (f) That the permit system be extended to provide an alternative choice of elevators at single, as well as at multiple, elevator points;
- (g) That more elevator storage space be provided at public expense;

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(h) That the allocation of shipping orders to elevator companies be on some other basis than that presently in use.

Our examination of the facts reveals:

- A. That farmers cannot now always use the elevators they prefer;
- B. That those farmers who are owners of elevators cannot always use their own facilities for all their elevator business;
- C. That the voting systems proposed lacked majority support and were of doubtful practicability;
- D. That the allocation of shipping orders to each company is now on the basis partly of past shares, partly "stocks-in-store", and partly current deliveries;
- E. That the preponderance of opinion among producers is that the above basis is not acceptable;
- F. That the quota system is widely accepted; that perfect uniformity of application is impossible of attainment; and that the system carries with it an economic weakness—it contains an element of discouragement to efficient farming;
- G. That the permit system denies farmers at single elevator points any choice between elevators.

(7) With respect to the distribution of box cars among elevators at individual shipping points, *it is recommended that the procedures be such as will preserve as far as practicable,*

- (i) *for all producers, the right to do their elevator business where they choose;*
- (ii) *for farmer-owners of elevators, the right to use their own facilities for all their elevator business if they so desire; and*
- (iii) *for each elevator at such a point, the right to have sufficient cars to keep it in fair competition with others at the same point, providing it has the kinds and grades of grain required from time to time by the Wheat Board.*

*The distribution of shipping orders among elevator companies:*

The elevator company submissions centered around the division of shipping orders among

the different companies and the consequent effect on the share of elevator business each company receives. In these submissions:

- (a) All groups of companies represented that they were being unfairly treated.
- (b) Each group of companies felt certain others had been or were now receiving some advantage denied to it.
- (c) One group represented that there had been too much interference by the Government in 1954 with Wheat Board administration.
- (d) Another group was of the view that there has been too little interference or guidance by the Government to the Wheat Board.
- (e) From various sources came the suggestion that each elevator company should have terminal facilities in approximately the same relationship to its country operations as all others have.
- (f) They all agreed that secrecy as to the Board's formula in allocating cars was undesirable.
- (g) The Pools felt that the Board's lack of regulation in the early years of the congestion was responsible for their worsened position during that period; the Line companies held that the Pools' loss through that period was due to fair competition.
- (h) The Line companies held that the result of the Board's present formula was unfair to them and a virtual gift to the Pools; the latter rejoined that their gain in the recent period was but the restoration of a position they should never have lost.

We find:

- A. That the Wheat Board's formula has not been made public although there has been some intelligent guessing among grainmen as to its general content;
- B. That before the congestion the Pools had a higher percentage of elevator business in relation to their capacities than the other elevator groups; that in the early years of the congestion and before the present formula came into use, the handling ratio of the Pools had come down; and that after the formula was introduced in 1954, the share of business by

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the Pools in relation to their capacity was brought back to about what it had been when the congestion commenced;

C. That as to the proportion of business each company should have had, in any particular period, there was no unanimity of opinion whatever; that the Government of the day (1954) evidently thought the procedure followed in the earlier period had been unfair to the Pools; that the Wheat Board considers that the present shares of business are reasonably fair to all.

We offer no comment on the equity of the procedures followed in these different periods. It must be obvious to all however first, that business arbitrarily apportioned by a Government agency will never be satisfactory to the competing interests affected and second, that business actually earned by these companies in fair competition is the only basis on which a rational procedure can be established.

(8) As to the division of shipping orders amongst elevator companies,  
*it is recommended:*

- (i) *that the procedures which gave rise to the present box car controversy be revised and, to the extent possible, a more fully competitive country elevator operation be restored at the earliest practicable time, (Recommendation No. 1); and*
- (ii) *that the revised plan be based on three widely accepted ideas:*
  - (a) *that the allocation of shipping orders to different elevator companies be on the basis of current business earned by each;*
  - (b) *that the practice of embargoing shipments from full elevators at points where competing elevators have space and are free to take in new business, be discontinued (Recommendation No. 5); and*
  - (c) *that each elevator at a shipping point be kept in a position to compete fairly with the others by the receipt of sufficient shipping orders from its parent company, and sufficient cars from the railway, to keep it from being "plugged" and thus out of business when others are not.*

### Congestion of railway box cars at terminals:

The railways are the owners of the box cars available for the shipment of grain. The huge investment in these and the thousands of miles of railroad over which they travel, makes it essential that railway operations be efficient. Restrictions and rigidities in procedure get in their way. The problem is to keep these to a minimum and yet accomplish the ends desired.

We find:

- A. That the railways have the task of providing the box cars necessary to permit the Wheat Board, as owner of the grain, to carry out its shipping programme from country points as outlined from time to time.
- B. That they are not legally required to deliver box cars to shipping points in any particular order, or in any specific number at any particular time; that the law against discrimination and the desire to give good service and earn the goodwill of the public are the final determiners of railway practice in this connection.
- C. That the railways are guided by (but not ordered by) the Wheat Board in the placement of cars at the different shipping points, by weekly statements issued by the Board showing the quota situation at each shipping point and the number of cars required at each to complete deliveries under the different quotas in effect.
- D. That the railways co-operate to the utmost extent in meeting the Wheat Board's wishes but are their own final arbiters in regard to order and time of placing cars at the different shipping points.
- E. That they do not have the legal responsibility for determining the distribution of box cars amongst competing elevators at a shipping point.
- F. That they manifest concern lest any new regulations interfere with their efficiency and thereby increase their costs of transportation.
- G. That they protest strongly against the undue delays that occur from time to time in unloading cars after arrival at the terminal points.

It is our view that the congestion of unloaded grain cars at certain terminals from time

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to time arises from lack of co-ordination amongst the elevator companies, the railways, the terminals and the Wheat Board itself; that each of these interests in the exercise of its legal rights contributes unwittingly to this condition; that legal regulation might improve the situation, but that voluntary co-operation within the present legal structure would seem to offer more hope of rational procedure.

(9) With respect to the congestion of railway box cars at terminals,

*it is recommended that co-ordination among the elevator companies, the railways and the terminals be invited by the Wheat Board with a view to achieving by co-operation what has failed to be accomplished in the exercise of their legal rights by their individual efforts, namely, the mitigation of the wasteful and unnecessary pile-up of unloaded cars from time to time at the terminals or elsewhere.*

In this connection it should not be overlooked—

- A. That the Wheat Board has power to see that no more cars are loaded than can be unloaded without undue delay;
- B. That both the railways and the Wheat Board have the power to divert cars to different terminals;
- C. That the railways have the power in their own hands of placing no more cars for loading than they can see reasonable prospects of unloading.

### *Relating to administration by the Wheat Board:*

The Wheat Board has very wide jurisdiction over the grain business of Western Canada. Our recommendations will thus necessarily bear largely on matters coming under its administration. The Minister and others will understand therefore that when the Wheat Board is mentioned in this Report, it is not to be interpreted as a censure of that body but rather as a frank analysis of the results of certain procedures which come within its jurisdiction, insofar as they affect equity and efficiency among western farmers, western grain handling companies and the two transcontinental railways.

The Wheat Board has behind it, a splendid record of achievement; its sales organization is recognized as being efficient; its procedure for

calling forward the grain most in demand for sale is probably the best that could be devised; its quota system is accepted as a measure of social justice during a period when adherence to purely economic principles would have played havoc in many organized communities; its permit system is accepted as a necessary device in the operation of the quota system.

We were advised by the Wheat Board

- (a) That in 1954 the Government instructed it to take all relevant factors into consideration in issuing shipping orders to elevator companies;
- (b) That without further guidance as to how its powers were to be used the Board chose to recognize three main principles—first, equity as between handling companies; second, the maximum use of elevator space available; and third, the prompt shipment of grain to meet market requirements;
- (c) That the Board early recognized that these principles were often in conflict with each other—each objective, important in itself, limiting the attainment of others; and
- (d) That in carrying out the ministerial instruction the Board endeavoured to follow a course which it felt to be in the best interests of all concerned.

We are informed also that the Board early expected that the principles it adopted to govern Board allocation of shipping orders to elevator companies would result in complaints; that in fact the Board administration was challenged in three directions: first, that elevator space was not fully utilized at all times; second, that equity between elevator companies was not being sufficiently recognized; and third, that producers could not select their elevators to the extent they desired.

We were further advised (1) that criticism with respect to the second and third points developed in intensity as the congestion extended from year to year, (2) that at no time since 1954 had there been any prospect of general agreement on any alternative plan, (3) that the "instruction" was thought at the time to be of only temporary necessity, (4) that as time went on and the congestion continued unabated, it was felt to be increasingly unwise

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that the Board should be called upon to exercise discretionary powers in an area of such important public interest as the apportionment of shipping orders amongst companies and (5) that while the powers of the Board in its very large and widespread marketing operations are laid down in great detail in the Canadian Wheat Board Act, yet in the important field of the allocation of shipping orders it felt it was asked to assume responsibilities without specific guidance as to the principles which should be followed.

The Commission has given much consideration to the 1954 instruction given to the Board. We are not inclined to be over-critical of that instruction. It was of a very general character and did not cramp the powers of the Board unduly. Our chief criticisms would be not upon the need for, or the nature of, that instruction but rather that the formula it used was not based upon current business under conditions of fair competition, and that neither the Government nor the Wheat Board felt it necessary to keep the public advised as to the basis on which the Board was apportioning business between competing companies.

In the view of the Commission there is no doubt but that the Wheat Board should exercise the wide powers it has been given, not only in regard to the allocation of shipping orders amongst companies, but also in the distribution of cars amongst elevators at individual shipping points. The point at issue in this controversy is the public interest, and the manner in which, and the extent to which, this public interest can be recognized and given effect to in instructions or counsel given to the Wheat Board by the Government.

The public interest is twofold, first, are the procedures equitable and efficient insofar as they relate to individual and company interests? and second, have any basic rights of individuals or of companies been unnecessarily transgressed? It is our view that in both respects improvement is possible.

With respect to the Canadian Wheat Board we find:

A. That it has authority under the provisions of Section 20 (k) of the Canadian Wheat Board Act to provide for the distribution of railway box cars amongst elevators for the shipment of grain at

any delivery point, (other than cars placed pursuant to a car order book); but that it has not accepted full and final responsibility for the distribution of cars amongst elevators at these points.

- B. That the Board does not consider it has legal authority under the Wheat Board Act to require railways to place cars at different shipping points in any particular order, or in any specific number at any special time, and that the railway companies agree with this interpretation.
- C. That the Board submits to the railways, from time to time, details of cars required to move grain from country points to terminal and other marketing points; that it does not consider this information as an order with which the railways must comply, but rather as information for their guidance in planning their distribution of cars; that it endeavours to divide these requirements between the two railways in proportion to the amount of grain available in the areas tributary to each railway; and that it reviews the daily performance by the railways, and by the elevator companies, in an effort to see that its program of shipments is being carried out.
- D. That the Board issues shipping orders to the different elevator companies and in doing so determines and controls, first, the quantity, kinds and grades of grain to be moved forward from country to terminal and other points; and second, the order in which the different kinds and grades shall be shipped from the local elevators; but the Board does not require the elevator companies to distribute these orders to their local elevators in proportion to the relative needs of each to be kept competitive with others at the same shipping point.
- E. That for the purpose of equalizing quotas and of encouraging the use of vacant space in elevators, the Board advises the railways not to place cars for loading at certain shipping points where there is space available for anticipated deliveries under the existing quota, even though one or more elevators at such points may

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be full and therefore unable to receive grain, (this is spoken of as "embargoing" shipments from these points).

F. That as an indirect result of its embargoes of points where one or more elevators are full while others are not, there has been restriction in some degree of the right of producers to deliver their grain to the elevator of their choice; the right of farmer-owners of elevators to use these facilities; and the right of the elevator companies to earn all the business they can under conditions of fair competition.

G. That the Board divides its shipping orders amongst the different elevator companies on a formula based upon instructions received from the Minister of Trade and Commerce in 1954, details of which formula, until now, have not been made public; and that in apportioning shipping orders between the different elevator companies as it has since done, it has apportioned as well the share of total business each elevator company has been allowed to have.

H. That for reasons it considers valid, it at times issues shipping orders in excess of the numbers required to permit the railways to operate at maximum efficiency.

I. That under its permit system the Board makes "delivery points" of each single elevator point, thus precluding producers whose permits are taken out at these single elevator points from any choice of elevators at which to deliver their grain.

J. That it advises the railway companies how the local railway agents should distribute cars at shipping points, but does not exercise any further control or supervision of the distribution made.

K. That it does not exercise control over the placement or unloading of cars at terminal elevators.

L. That its public relations activities have not kept the public and the parties directly interested as fully informed as we think might have been done, as to the problems it faces, its efforts to solve them, the complications of its task, and the more important details of its procedures.

(10) As to administration by the Wheat Board,  
*it is recommended:*

- (i) *that in view of its outstanding service in marketing the western grain crop in the recent difficult years, the Board be highly commended to the Government and to Parliament for that achievement, and for the high standing it has attained in the eyes of the public it serves.*
- (ii) *that secrecy as to the basis of allocating shipping orders (cars) be discarded, and that the present formula for apportioning business amongst companies be discontinued;*
- (iii) *that in future the distribution of shipping orders among the different elevator companies be based on the total current business done by each, under conditions of fair competition—as indicated by the actual deliveries by farmers to the elevators of each company (see Recommendation No. 8).*
- (iv) *that the Wheat Board accept responsibility for the procedures relating to the distribution of box cars at individual shipping points and for the supervision of these procedures.*
- (v) *that it continue, as now, to allocate its shipping orders among the different elevator companies; that the distribution of shipping orders by the elevator companies to their local elevators be on the general basis of the business earned by each such elevator, but that sufficient preference be given by these companies in the supply of shipping orders to their congested elevators and those likely to be congested, as will enable them to continue to take in business when others at such points are able to do so; and that local railway agents be advised by the Wheat Board to distribute available box cars, as is now being done, in proportion to the number of shipping orders held by each elevator,—except that priority in the supply of cars shall be granted*

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*to any elevator at the point that is unable to accept grain offered on account of lack of space; (cars supplied on this "full elevator" priority to be chargeable against the company's current or subsequent overall allotment of shipping orders based on the company's share of business earned).*

- (vi) *that the question of embargoes be dealt with as in Recommendation No. 5.*
- (vii) *that the Board keep its quota system under review with the purpose of correcting its basic weakness viz. the unfair position in which it leaves farmers who cannot get all of each year's crop delivered in the crop year, (see Recommendation No. 6).*
- (viii) *that the permit system be revised to make possible for producers delivering at a single company point, the same advantages of competition amongst elevators, as producers now enjoy at multiple elevator points, (see Recommendation No. 6).*

In the implementation of these recommendations, we suggest that consideration be given by the Wheat Board to the following:

- A. That from the date of the changeover from the division of shipping orders on the basis of the present formula to the division of these orders in proportion to the percentage of receipts by each company, the Wheat Board make such division on the basis of the actual receipts by each company during the last preceding twelve months (or such other appropriate period as it may consider advisable) for which records are available; that moving twelve months (or other period) totals be used as records become available for each succeeding month, the proportion of orders given to the different companies to be adjusted in accordance with the changes shown by the new twelve months (or other period) totals.
- B. That the Wheat Board when necessary determine the extent of the priority (number of cars) to be granted to elevators that are unable to accept grain offered on account of lack of space.
- C. That the Wheat Board outline to the railways for the guidance of their agents how the proportionate distribution at shipping points is to be carried out.
- D. That procedures laid down by the Wheat Board have regard to the necessity of maintaining efficiency on the part of the railways; and that care be exercised to ensure that shipping orders issued are not unduly in excess of the number required to help maintain that efficiency; and
- E. That all procedures be sufficiently flexible to permit the Board to meet any emergency situation that may develop.
- F. That increased public relations activities be undertaken by the Wheat Board in the interests of its clientele, and publicity given to all important procedures followed in the movement of grain from country to terminal and other points, including the basis on which shipping orders are distributed, and the responsibility of the elevator companies in the distribution of these orders to their elevators.
- G. That the Board continue to administer the details of its internal organization so as to ensure the utmost co-operation between all the different interests concerned; that no effort be spared to co-ordinate the execution of the different operations in the movement of grain; and that consideration be given to the advisability of appointing a high ranking official to be charged under the Board with the responsibility for traffic management and the maintenance of the necessary liaison between and co-operation with all the different interests affected.

### *The Government and the Canadian Wheat Board:*

The Canadian Parliament passed the Canadian Wheat Board Act in 1935 and by that action took over the marketing of western wheat; in 1949 it took over, in addition, the marketing of western oats and barley. It made the Canadian Wheat Board its agency for the administration of this huge project.

We submit that the present controversy cannot be satisfactorily resolved by any arbitrary decision by the Wheat Board; that the State,

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in an economy such as ours, must hold the scales of justice evenly between competing interests; that this cannot be done by a government agency making decisions as to the portion of business each elevator company shall have; but that the problem can be resolved in considerable degree without injustice to any if three things are done:

- A. A fair method of dividing the elevator business amongst competing companies decided upon;
- B. A more fully competitive country elevator operation restored and maintained at individual shipping points and as between companies as far as that is practicable; and
- C. That unnecessary restriction of recognized basic rights be discontinued.

The Committee of the Privy Council, for reasons it deemed sufficient, initiated this inquiry into the distribution of railway box cars at individual shipping points in Western Canada; its order to us asked that we recommend "procedures and methods" aimed toward greater equity and efficiency, having regard to certain relevant factors.

That task we have completed. As will be seen, our recommendations deal with "procedures and methods" of various degrees of importance. It may be that the Committee will wish to consider only the main principles involved and that details of procedure be left with the Wheat Board for its consideration on their merits, hence the following suggestions:

- (11) As to the position of the Government in relation to the Canadian Wheat Board, *it is suggested, with respect, that the principles advanced in these recommendations be the subject of its consideration but that the matters of detail be left with the Wheat Board for its determination in the light of its responsibilities and its practical experience in the grain business.*

As a closing comment perhaps we may be permitted to suggest to all interests which are in any way affected by this inquiry, that cognizance should be taken of three important facts:

*first, the limited nature of this inquiry; second, that no recommendation based on our terms of reference can hope to do more than apportion more equitably or more efficiently or more harmoniously, the present amount of business available;*

*third, that this study, while important in the sphere of equity, does not embrace the fundamentals of the basic agricultural problem the nation faces—and that has given rise to this inquiry, viz., that of obtaining sales to match production, or of adjusting production to the markets available; and that unless or until sales increase or production decreases, the problem of grain surpluses and grain congestion will remain with all their incidental ill effects.*

It must be apparent that, no matter how box cars may be reshuffled among companies or among elevators at a given point as a result of our studies, the most that can be accomplished is a measure of greater equity among the competing interests involved and a strengthening of the basis on which the Wheat Board operates. No procedure we may propose, no matter how well conceived or how widely accepted, will touch the basic cause of the present situation. Until sales are increased or production lessened, the present grain congestion facing Western Canadian agriculture will remain.

The smaller crops of the last two years have lessened the severity of the congestion and promise to relieve somewhat the pressure for farm deliveries; but congestion still remains. Man and his modern scientific and mechanical techniques have added to nature's bounty in creating the present congestion here and elsewhere. Nature will continue to make her own uneven contribution in future as in the past; and from all appearances man will continue to add to her bounty and to the problems associated with surpluses. We must, therefore, learn to live with surpluses and congestion as well as with shortages and occasional half-empty elevators.

It is out of a sense of some public responsibility that we make a recommendation somewhat outside the technical limitations of our task but in the long run not unrelated to it.

- (12) As to the large and continuing annual carryover of western grain which has been at the root of the box car problem and which has such a depressing effect on the market, *it is recommended not only that the aggressive sales policy of the Government be continued, to cut down the overhanging*

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*surplus of grain, but that renewed efforts be made (i) to get sub-marginal land out of grain production and (ii) to create opportunities in other callings for the men now facing the impossible task of making a living on such land.*

### **Acknowledgements**

In submitting this Report, your Commissioner wishes to acknowledge the very generous co-operation and assistance he has had from every interest affected by the inquiry. Among those who have given us the benefit of their experience and study may be mentioned:

1. The three provincial Wheat Pools.
2. The United Grain Growers Limited.
3. The "Line" elevator companies, 19 in number.
4. The two railway systems.
5. The three provincial Farmers' Unions in Manitoba, Saskatchewan and Alberta.
6. The Hudson Bay Route Association.
7. The Shippers' and Exporters' Association speaking on behalf of 29 members.
8. The Feed Manufacturers' Association representing some 273 feed mills.
9. The uncounted scores of smaller groups and individuals which have made their wishes known by correspondence.
10. The more than 2,000 individual farmers who presented briefs at 16 farmer meetings in different parts of the grain growing area.

I wish to express my thanks to each of these organizations and individuals most sincerely for the time and effort each so readily gave to the subject matter of the inquiry. It will be seen that we have been dealing with large and important segments of the Canadian economy. It is little wonder that each has given of its best brains to the solution of the intricate problem we were asked to deal with. The proposals they advanced after weeks and months of study, their constructive criticisms of each other's proposals—all these have resulted in positive gains due chiefly to the studies made and submissions presented during the early months of the year by three of the largest economic groups in this country: the farmers who are most directly affected; the elevator companies who have huge investments in grain handling facilities; and the two railway companies which provide

the box cars for the transportation of the grain to the terminals.

Our thanks are also due to:

the Department of Trade and Commerce for the generous co-operation of its officers and for the office space and office facilities provided for us in the Parliament Buildings;

the Canadian Wheat Board for the readiness with which it made available all information requested and for the frankness of its members in all our discussions;

the Board of Grain Commissioners for Canada for the splendid assistance rendered us in Winnipeg and for the provision of office space in their quarters in that city; and

the Government of Manitoba for the use of space in the Legislative Buildings during the two weeks of hearings in Winnipeg.

I wish to express my personal thanks also to the technical assistants provided by the Department for the prosecution of our work. I am referring to Mr. W. D. Porter, Chief of the Crop Section of the Agriculture Division of the Dominion Bureau of Statistics; Mr. H. M. Halliwell, former agricultural editor of the *Winnipeg Tribune* and more recently editorial writer for the *Toronto Telegram*; Mr. John Rayner, for more than thirty years associated with the Board of Grain Commissioners for Canada and, for the greater part of that time, its secretary; and also Mr. Campbell Haig, who acted as legal advisor to the Commission.

Mr. Porter's services as statistical advisor and general consultant were found most helpful in planning our work and subsequent studies. Mr. Halliwell's background of agriculture and economics was found most useful in analysing the problem and digesting the many proposals advanced for its solution. Mr. Rayner's long experience in the grain trade and his industry as Secretary of the Commission, I found of the greatest practical value in the preparation of the report; while his presence at the 16 country meetings as my personal representative was much appreciated by all as well as by myself.

The Report is respectfully submitted herewith.

JOHN BRACKEN,  
*Commissioner.*

## CHAPTER X

# Factual Background Material

The Commission has studied a vast amount of material related to the problem in hand. Some of this was of a privileged and confidential nature and as such cannot be published. However, much useful information not of a confidential nature was accumulated during the course of the inquiry and we have selected for publication certain items which have been of assistance in understanding the problem and preparing this Report.

This material more or less sets the background under which the problem of box car allocation has developed and may be useful to readers in their understanding and interpretation of the Report. It is set out as follows:

- A. Extracts from Relevant Statutes.
- B. Letters and Documents Pertaining to Present Box Car Allocation Procedures.
- C. Statistical Tables.
- D. Charts and Supporting Tables
- E. Maps

A. *Extracts from Relevant Statutes*

1. Canadian Wheat Board Act, R.S. 1952, Ch. 44.  
Sections 4 and 20.
2. Railway Act, R.S. 1952, Ch. 170.  
Sections 315, 319 and 321.
3. Canada Grain Act, R.S. 1952, Ch. 25.  
Sections 15 (11), 61 to 76, 109, 115 and 134.  
Schedule One—Statutory Grades of Wheat, Oats and Barley.

A-1—Extracts from the Canadian Wheat Board Act  
(Revised Statutes 1952, Ch. 44)

4. (1) The Board is a body corporate having capacity to contract and to sue and be sued in the name of the Board.

(2) The Board is, for all purposes, an agent of Her Majesty in right of Canada, and its powers under this Act may be exercised by it only as an agent of Her Majesty in the said right.

(3) Actions, suits or other legal proceedings in respect of any right or obligation acquired or incurred by the Board on behalf of Her Majesty, whether in its name or in the name of Her Majesty, may be

brought or taken by or against the Board, in the name of the Board in any court that would have jurisdiction if the Board were not an agent of Her Majesty.

(4) The Board is incorporated with the object of marketing in an orderly manner, in interprovincial and export trade, grain grown in Canada, and possesses the following powers:

- (a) to buy, take delivery of, store, transfer, sell, ship or otherwise dispose of grain;
- (b) to enter into contracts or agreements for the purchase, sale, handling, storage, transportation, disposition or insurance of grain;
- (c) to enter into ordinary commercial banking arrangements on its own credit and to borrow money on the security of grain held by it;
- (d) to acquire, hold and dispose of real and personal property, but the Board shall not acquire or dispose of any real property without the approval of the Governor in Council;
- (e) notwithstanding anything contained in the Civil Service Act, to employ such technical, professional or other officers, clerks or employees as may be necessary for the conduct of its business;
- (f) to establish branches or employ agents in Canada or elsewhere;
- (g) to establish, utilize and employ such marketing agencies or facilities as it deems necessary for the purpose of its operations under this Act;
- (h) to operate elevators, either directly or by means of agents, and subject to the provisions of the Canada Grain Act, to pay such agents' commissions, storage and other charges, remuneration or compensation as may be agreed upon with the approval of the Board of Grain Commissioners;
- (i) to authorize any officer or employee of the Board or any other person to act on behalf of the Board in the conduct of its operations under this Act;
- (j) to act as agent for or on behalf of any Minister or agent of Her Majesty in right of Canada in respect of any operations that it may be directed to carry out by the Governor in Council; and
- (k) generally to do all such acts and things as may be necessary or incidental to carrying on its operations under this Act. 1953, c. 52, s. 4; 1947, c. 15, s. 2; 1950, c. 51, s. 4.

\* \* \* \*

20. The Board may, notwithstanding anything in the Canada Grain Act, but subject to directions, if any, contained in any order of the Governor in Council, by order,

## *Factual Background Material*

- (a) prescribe the forms of and manner of completing applications for permit books, permit books and such other forms as may be necessary for the administration of this Act;
- (b) prescribe the manner in which applications for permit books shall be made and permit books shall be issued;
- (c) prescribe the manner in which deliveries of grain under a permit book shall be recorded in the permit book or any other entry may be made in such permit book;
- (d) prescribe a place on a railway as the delivery point at which grain may be delivered under a permit book;
- (e) determine whether, for the purpose of this Act, two or more farms are operated as a unit;
- (f) fix, from time to time, quotas of each kind of grain that may be delivered by producers to elevators or railway cars, within any period or periods, either generally or in specified areas or at specified delivery points or otherwise;
- (g) notwithstanding anything in this Part, prohibit the delivery into or receipt by an elevator of, any kind of grain, or any grade or quality thereof, either generally or otherwise;
- (h) exclude any kind of grain, or any grade or quality thereof, from the provisions of this Part, in whole or in part, either generally or for any specified period or otherwise;
- (i) require any kind of grain, or any grade or quality thereof, in any elevator to be delivered into railway cars or lake vessels;
- (j) prohibit the delivery of any kind of grain or of any grade or quality thereof out of any elevator into railway cars or lake vessels;
- (k) provide for the allocation of railway cars available for the shipment of grain at any delivery point, other than cars placed pursuant to a car order book, to any elevator, loading platform or person at such delivery point; and
- (l) require any person engaged in the business of delivering, receiving, storing, transporting or handling grain, to make returns to the Board of information relating thereto or as to any facilities therefor, owned, possessed or controlled by him. 1947, c. 15, s. 5.

### **A-2—Extracts from the Railway Act** (Revised Statutes 1952, Ch. 170)

#### *Traffic, Tools and Tariffs* *Accommodation for Traffic*

315. (1) The company shall, according to its powers,

- (a) furnish, at the place of starting, and at the junction of the railway with other railways, and at all stopping places established for such purpose, adequate and suitable accommodation for the receiving and loading of all traffic offered for carriage upon the railway;
- (b) furnish adequate and suitable accommodation for the carrying, unloading and delivering of all such traffic;
- (c) without delay, and with due care and diligence, receive, carry and deliver all such traffic;

- (d) furnish and use all proper appliances, accommodation and means necessary for receiving, loading, carrying, unloading and delivering such traffic; and
- (e) furnish such other service incidental to transportation as is customary or usual in connection with the business of a railway company, as may be ordered by the Board.

\* \* \* \*

319. (1) All railway companies shall, according to their respective powers, afford to all persons and companies all reasonable and proper facilities for the receiving, forwarding and delivering of traffic upon and from their several railways, for the interchange of traffic between their respective railways, and for the return of rolling stock.

(2) Such facilities so to be afforded shall include the due and reasonable receiving, forwarding and delivering by the company, at the request of any other company, of through traffic, and in the case of goods shipped by carload, of the car with the goods shipped therein, to and from the railway of such other company, at a through rate; and also the due and reasonable receiving, forwarding and delivering by the company, at the request of any person interested in through traffic, of such traffic at through rates.

(3) No company shall

- (a) make or give any undue or unreasonable preference or advantage to or in favour of any particular person or company, or any particular description of traffic, in any respect whatsoever;
- (b) by any unreasonable delay or otherwise howsoever, make any difference in treatment in the receiving, loading, forwarding, unloading, or delivery of the goods of a similar character in favour of or against any particular person or company;
- (c) subject any particular person, or company, or any particular description of traffic, to any undue, or unreasonable prejudice or disadvantage, in any respect whatsoever; or
- (d) so distribute or allot its freight cars as to discriminate unjustly against any locality or industry, or against any traffic that may originate on its railway destined to a point on another railway in Canada with which it connects.

\* \* \* \*

321. If the company is unable or fails to provide sufficient facilities for the movement of grain from the western provinces to the elevators at the head of Lake Superior, or to destinations east thereof, after the close of navigation on the Great Lakes and before the next harvest, and grain in certain sections or districts cannot by reason thereof be marketed, the Board may require the said company to furnish all facilities within its powers for the carriage of such grain in such sections or districts to any intermediate point or points of interchange with another company or any terminal elevator, and there to make delivery

## *Inquiry into the Distribution of Railway Box Cars*

thereof to such other company or companies or to such elevator for carriage by such other company or companies as the Board may direct; and the Board may require such other company or companies to transport such grain and supply the necessary cars and engines therefor, and the rates lawfully published and filed by the company in default and obtaining on its route apply over the joint route or routes so directed and shall be apportioned between the companies as the Board may direct.

### **A-3—Extracts from the Canada Grain Act 1930**

(Revised Statutes 1952, Ch. 25)

15. The Board may make regulations or orders not inconsistent with this Act:

(11) in case there is a shortage of railway cars for the shipment of grain, governing the equitable distribution of such cars among shipping points on any line of railway;

\* \* \* \*

#### **Car Order Book**

61. (1) Every railway company shall from time to time furnish to the agent of such railway company at each point from which western grain may be shipped by the growers thereof a car order book containing forms of applications for cars in Form 11 in Schedule Three, with such amendments as the Board may direct, which forms shall be printed in accordance with a specimen form to be furnished by the Board.

(2) Each group of three contiguous forms as bound in the said book shall bear the same number, which shall be printed on the said forms before the delivery of the book to the railway agent; the numbers on each successive group of forms shall be consecutive.

(3) If the forms in the car order book supplied are likely to become exhausted, the railway agent shall apply to the railway company for an additional book and the same shall be supplied by the railway company forthwith.

(4) No two car order books each containing forms bearing the same number shall be issued to the railway agent at any point in any crop year.

(5) Any breach of the provisions of this section is punishable on summary conviction by a fine not exceeding five hundred dollars. 1930, c. 5, s. 61.

62. (1) The railway agent at any shipping point shall, upon the request of any person or persons who have grown or who own any grain that he or they desire to ship, or upon the request of any person resident at such point who produces to and deposits with the railway agent written authority from any such person or persons authorizing him to act on his or their behalf, fill in (except as to signature) the group of three blank forms of application in the car order book which bear the lowest consecutive number, and, upon the signature of such forms of application by the person or persons aforesaid, shall detach two of the said forms so filled in from the said book, retaining and filing one thereof on a special file to be kept by him and delivering the other to the person or one of the persons by whom the said form has been signed.

(2) Except the manager of an elevator, no person on whose behalf an application for a car has been made is entitled to make, or cause to be made, another application in the same car order book until after the car covered by such first application has been loaded and billed out or such first application has been cancelled.

(3) Not more than two uncancelled and unfulfilled applications for the placing of cars for the shipment of grain belonging to the manager of an elevator shall be permitted to be outstanding at any time in any one car order book.

(4) Where an application by a person for a car to be loaded at a country elevator has been entered in a car order book as provided in this section and that person has delivered a carlot of grain to the elevator to be loaded in the car for which application is made, if on or after delivery to the elevator the said grain becomes the property of any other person, such last mentioned person may load the said grain into a car placed pursuant to the application.

(5) Where in any car order book an application for the placing of a car has been made by or on behalf of any person, other than the manager of an elevator, such person is not, while such application remains uncancelled and unfulfilled, entitled to make a similar application in any other car order book in respect of any land distant less than five miles from the land described in the first application. 1930, c. 5, s. 62; 1947, c. 3, s. 1.

63. Any person who in any application makes any untrue representation is liable on summary conviction to imprisonment for not more than six months or to a fine not exceeding two hundred dollars, and upon conviction under this section the application shall be cancelled unless the Board otherwise directs. 1930, c. 5, s. 63.

64. (1) No person who has signed any application in a car order book on behalf of any other person or persons is entitled to make another application as agent for any person or persons until after the car covered by such first application has been loaded and billed out or such first application has been cancelled.

(2) Nothing in this section prevents an Indian agent in charge of any Indian reserve from making applications on behalf of any Indian or Indians by whom grain has been grown on such reserve. 1930, c. 5, s. 64.

65. Applications for cars shall be received and completed in the order of the arrival at the place where the book is kept of the persons who desire to make such applications. 1930, c. 5, s. 65.

66. Any application may specify a car of any standard capacity that the quantity of grain specified in the application is sufficient to fill or nearly fill, and may, if so desired by the person making the application, specify a car of two or more capacities alternatively. 1930, c. 5, s. 66.

67. The car order book shall be open at any reasonable time to the inspection of any person who requests the inspection thereof; any such inspection shall

## *Factual Background Material*

be made only in the presence of the railway agent who shall be responsible for the safe custody and proper condition of the book. 1930, c. 5, s. 67.

68. (1) Except as hereinafter provided, each car available for the shipment of grain at any shipping point for which a car order book has been issued shall, having regard to its capacity, be placed by the railway agent in accordance with the outstanding unfulfilled application recorded in such car order book which bears the lowest consecutive number.

(2) Where the Board is of opinion, by reason of special circumstances to be recorded by it, that the placing of cars as aforesaid would operate inequitably at any specified shipping point, or would prevent the immediate shipment therefrom of seed grain or of grain that has become or is in danger of becoming out of condition, it may direct the placing of cars at such point otherwise than as aforesaid but without discrimination, and in any such case the directions of the Board shall be complied with by the railway agent. 1930, c. 5, s. 68.

69. Every railway agent shall, before making any distribution or directing the placing of cars in accordance with section 68, satisfy himself that all such cars are in proper condition to be loaded with grain, and the placing pursuant to any application of any car that is not in such condition shall not be deemed to be a compliance with the provisions of this Act. 1930, c. 5, s. 69.

70. Upon the placing of any car pursuant to any application, the railway agent shall make and sign a note on the original application stating the fact, the number of the car, and the time of the giving of notice of the placing thereof, and shall, upon the completion of the loading and the billing of such car, make a further note thereon accordingly. 1930, c. 5, s. 70.

71. (1) Every person who receives notice of the placing of a car pursuant to any application shall, within three hours thereafter, give notice to the railway agent of his ability and intention to load such car.

(2) The loading of every car placed pursuant to an application shall be commenced within twenty-four hours after the giving of notice of ability and intention to load the same, and such loading shall, in the months of September, October and November in each year, be completed within twenty-four hours, and at any other time within forty-eight hours, after the giving of such notice.

(3) Where, after any car has been placed in accordance with any application, notice of ability and intention to load the same has not been given, or the loading thereof has not commenced within the times hereinbefore limited, the application shall be cancelled and shall be marked accordingly with the date of the cancellation and the initials of the railway agent.

(4) Any car placed pursuant to any application cancelled under this section shall forthwith be assigned in fulfilment of the first application entitled to be fulfilled by the placing of a car of the capacity of the car in question at the place where such car then is,

and if there is no such application, shall be treated as an available car upon the next following distribution of cars. 1930, c. 5, s. 71.

72. No car that, pursuant to any application, has been placed at an elevator or a loading platform or on a siding shall before being loaded be moved from such elevator or loading platform or siding except on the direction of the railway agent in accordance with the provisions hereinbefore contained. 1930, c. 5, s. 72.

73. Any railway agent who refuses or fails to comply with the provisions of this Act with respect to the car order book and the distribution of cars in accordance with applications contained therein is guilty of an offence, and is liable on summary conviction to a fine not exceeding twenty-five dollars for a first offence and for any second or subsequent offence is liable on summary conviction to imprisonment for not more than two months or to a fine not exceeding two hundred dollars. 1930, c. 5, s. 73.

74. The Board may, if after inquiry it is of opinion that any application in any car order book has been improperly made, direct such application to be cancelled. 1930, c. 5, s. 74.

75. Where any car order book is lost or destroyed the railway agent shall forthwith report the fact to the Board, which shall make inquiry into the circumstances and shall give such directions as the circumstances require for the reconstitution of the car order book and the distribution of cars at the shipping point to which the same relates. 1930, c. 5, s. 75.

76. Where no railway agent has been appointed to act as such at any siding on any line of railway in the Western Division from which grain may be shipped, other than a siding constructed for crossing purposes only, the railway company on whose line of railway such siding is shall, if the Board so directs, appoint some person to act as custodian of a car order book at such siding between such dates as the Board may specify; every person so appointed shall be furnished with a car order book and shall during the period specified by the Board, perform at such siding all the duties imposed by this Act upon a railway agent with respect to a car order book. 1930, c. 5, s. 76.

\* \* \* \*

### *Public Country Elevators*

109. (1) Except as provided in section 108, the operator or manager of every licensed public country elevator shall, at all reasonable hours on each day upon which the elevator is open, receive all grain offered thereat for storage without discrimination and in the order in which it is offered, provided that there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered.

(2) Nothing in this section requires the operator or manager of any elevator to receive any grain that has become or is in a condition such that it is likely to become out of condition.

## *Inquiry into the Distribution of Railway Box Cars*

(3) Any breach of the provisions of this section is punishable on summary conviction by imprisonment for not more than six months or by a fine not exceeding five hundred dollars. 1930, c. 5, s. 108; 1939, c. 36, s. 42.

115. (1) When the holder or holders of any elevator receipts covering grain in store in a licensed public country elevator have caused to be placed at such elevator a railway car or other conveyance for the purpose of receiving such grain, the operator or manager of such elevator shall discharge forthwith into such car or other conveyance, to the extent of its capacity, the identical grain, or the quantity and grade of grain, to which the holders of the elevator receipts are entitled, as the case may require.

(2) Forthwith upon the loading of any railway car as aforesaid the operator or manager shall, if so requested by the holder or holders of the elevator receipts cause such car to be billed to such terminal elevator or other consignee as may have been directed by the holder or holders and shall, upon obtaining the consignee's receipt for the grain, and upon the surrender of the elevator receipts and the payment of the freight charges if any and all other lawful charges in respect of the grain, deliver the consignee's receipt to the holder of the elevator receipts.

(3) Where the consignee's receipt does not cover all the grain covered by any elevator receipt, there shall be exchanged therefor, in addition to the consignee's receipt, a new elevator receipt for the balance of such grain. 1930, c. 5, s. 114.

\* \* \* \*

134. (1) Subject to this section, the operator of every licensed public or semi-public terminal elevator and, unless otherwise provided by the terms of his licence, the operator of every eastern elevator, shall, without discrimination and in the order in which the same arrives at such elevator and is offered, receive into such elevator all grain of any grade for which there is available storage of the kind required by the person by whom such grain is offered.

(2) No operator of a terminal elevator or an eastern elevator shall receive into such elevator for storage in transit for reshipment out of Canada any grain grown outside Canada unless he is first authorized to do so by a regulation or order of the Board.

(3) Notice of the terms of any licence relieving the manager of any elevator from the obligation imposed by subsection (1) shall, forthwith upon the issue of such licence be notified to every recognized grain exchange in Canada.

(4) Nothing in this section requires any manager of a terminal elevator or eastern elevator to receive any grain that has deteriorated or has become or is likely to become out of condition.

(5) Any breach of the provisions of this section is punishable on indictment by imprisonment for not more than two years or by a fine not exceeding five thousand dollars, and on summary conviction by imprisonment for not more than six months or by a fine not exceeding five hundred dollars. 1939, c. 35, s. 50; 1950, c. 24, s. 6.

\* \* \* \*

### *Statutory Grades of Western Grain*

#### *Schedule One—Canada Grain Act 1930 (R.S. 1952)*

##### **RED SPRING WHEAT**

No. 1 Manitoba Hard.  
No. 1 Manitoba Northern.  
No. 2 Manitoba Northern.  
No. 3 Manitoba Northern.  
No. 4 Manitoba Northern.  
No. 4 Special.  
No. 1 Canada Western Garnet.  
No. 2 Canada Western Garnet.  
No. 3 Canada Western Garnet.

##### **AMBER DURUM WHEAT**

No. 1 Canada Western Amber Durum.  
No. 2 Canada Western Amber Durum.  
No. 3 Canada Western Amber Durum.  
No. 4 Canada Western Amber Durum.  
No. 5 Canada Western Amber Durum.  
No. 6 Canada Western Amber Durum.

##### **WHITE SPRING WHEAT**

No. 1 Western Canada White Spring.  
No. 2 Western Canada White Spring.  
No. 3 Western Canada White Spring.  
No. 4 Western Canada White Spring.

##### **WINTER WHEAT**

No. 1 Alberta Red Winter.  
No. 2 Alberta Winter.  
No. 3 Alberta Winter.

##### **MIXED WHEAT**

No. 1 Canada Western Mixed Wheat.  
No. 2 Canada Western Mixed Wheat.  
No. 3 Canada Western Mixed Wheat.  
No. 4 Canada Western Mixed Wheat.  
No. 5 Canada Western Mixed Wheat.  
No. 6 Canada Western Mixed Wheat.

##### **OATS**

No. 1 Canada Western.  
No. 2 Canada Western.  
No. Extra 3 Canada Western.  
No. 3 Canada Western.  
Extra No. 1 Feed.  
No. 1 Feed.  
No. 2 Feed.  
No. 3 Feed.  
Mixed Feed Oats.

##### **BARLEY**

No. 1 Canada Western Six Row.  
No. 2 Canada Western Six Row.  
No. 3 Canada Western Six Row.  
No. 1 Canada Western Two Row.  
No. 2 Canada Western Two Row.  
No. 1 Feed.  
No. 2 Feed.  
No. 3 Feed.

## Factual Background Material

### B. Letters and Documents Pertaining to Present Box Car Allocation Procedures

1. The Canadian Wheat Board—Instructions to the Trade—No. 12, dated September 13, 1955 directing that country elevator agents should apply to local railway agents for cars for authorized shipments.
2. Letter dated August 11, 1958 from the Chief Commissioner, Canadian Wheat Board to Mr. John Bracken re general procedures including the "secret" formula.

NOTE: Other Letters and Documents relating to box car allocation have been embodied elsewhere in the Report as follows:

- (a) Recommendations of Standing Committee on Agriculture and Colonization re box car distribution—See p. 5, Ch. II.
- (b) Letter dated July 13, 1954 from the Minister of Trade and Commerce to the Chief Commissioner, Canadian Wheat Board, re the method to be followed in distributing shipping orders among the various handling companies—See p. 19, Ch. V.
- (c) Letter dated August 30, 1955 from the Minister of Trade and Commerce to the Transport Controller directing that instructions be issued to the railways to spot box cars at elevators at local shipping points in proportion to the Wheat Board orders approved for those points. See p. 20, Ch. V.
- (d) Resolution of United Grain Growers Limited, dated January 21, 1958. See p. 3, Ch. II.

#### B-1—Instructions Directing that Country Elevator Agents Should Apply to Local Railway Agents for Cars for Authorized Shipments

The Canadian Wheat Board  
Instructions to the Trade

No. 12

ATTENTION ALL COMPANIES:

Dear Sirs:

The attention of all companies is directed to Circular 238 issued by the Board of Grain Commissioners under today's date reading as follows:

Having been advised that licensees of country elevators are not owners of wheat, oats and barley stored in their elevators and purchased from

producers for Wheat Board account, the Board therefore directs that applications for cars in the car order book will not be accepted from licensees or agents of such elevators for wheat, oats and barley which have been purchased from producers.

Any application made for a car to ship wheat, oats or barley, which grain after delivery to the elevator has been purchased for Wheat Board account, will automatically be cancelled.

Companies are advised that they should immediately instruct their country agents that, as they receive authority from the Canadian Wheat Board to ship wheat, oats or barley for account the Board, they should immediately apply to their local railway agent for sufficient cars to enable them to complete such authorized shipments. The same procedure should be followed in connection with car requirements for the shipment of malting barley delivered by producers under special over-quota permits and for the shipment of rye and flaxseed as authorized by the Board.

In this connection we would advise that the railway companies have been instructed by the Transport Controller that cars for the shipment of grain authorized by the Canadian Wheat Board are to be supplied in proportion to the Wheat Board orders approved for the point.

Yours very truly,  
THE CANADIAN WHEAT BOARD

Approved for the Board by:  
W. RIDDEL  
Commissioner.

Reference:

W. F. Robbins  
September 13th, 1955.

B-2—Letter from the Chief Commissioner, Canadian Wheat Board, to Chairman of the Commission re General Procedures Including the "Secret" Formula

The Canadian Wheat Board

423 Main Street,  
Winnipeg 2, Man.  
August eleventh, 1958

Mr. John Bracken,  
Chairman,  
Box Car Distribution Enquiry,  
167 West Block,  
Department of Trade and Commerce,  
Ottawa, Canada.

Dear Mr. Bracken:

Further to our discussions in Ottawa last week regarding the procedures being followed by our Board in issuing instructions to our agents for the shipment of grain from country elevators to terminal and mill destinations, I am pleased to set out herein the manner in which such orders have been placed with the elevator companies, as well as to outline for you the objectives we have in mind in issuing shipping instructions.

The Canadian Wheat Board Act sets out the objectives of the Board as follows:

"The Board is incorporated with the object of marketing in an orderly manner, in inter-provincial and export trade, grain grown in Canada..."

## *Inquiry into the Distribution of Railway Box Cars*

To this end the Board has been granted certain powers to buy, take delivery of, store, transfer, sell, ship or otherwise dispose of grain and to enter into various forms of agreements and contracts. The Canadian Wheat Board is first and foremost a marketing agency, charged with the responsibility of purchasing grain from producers in the designated area of Western Canada at guaranteed minimum prices, and merchandizing such grain in the domestic and export markets for the best advantage of western producers.

Under surplus supply conditions the Board has found it necessary to institute a system of delivery quotas designed to achieve two purposes:

- (a) to grant, to the degree possible, equal delivery opportunity to all producers within the area of the Board's jurisdiction;
- (b) to ensure adequate supplies of specific grades and types of grain required to meet market demand.

In its larger responsibility as a marketing agency it is the opinion of the Board that the second of these objectives is the more important.

In connection with the latter responsibility, the Board has had to exercise its authority in relation to the forward movement of grain from country to terminal positions. In this regard, it has been necessary to institute a system of shipping preferences to ensure that grains or grades of grain in market demand are available in saleable positions.

Prior to the 1954-55 crop year, the Board, when issuing instructions for the shipment of Board grain, followed various procedures. In some instances our shipping orders were related to each elevator company's liability by grade. In other cases orders were related to stocks and grades in store the elevators in particular areas. At times companies were simply instructed to ship certain grades taken in for Board account as box cars were made available by the railway companies. Cars were distributed by the railway companies at local points on the basis of the car order book, or on a basis agreed upon between the companies concerned, or, failing either of these, on the basis of one car per elevator.

At the beginning of the 1954-55 crop year, however, following discussions held by the Agricultural Committee of the House of Commons and subsequent recommendations of that Committee to the Government, our Board was instructed by the Government, "to allocate shipping orders between the various elevator companies in as equitable a manner as possible, taking all relevant factors into consideration."

Since the receipt of these instructions from the Government, which have not yet been cancelled or amended, our Board has been allocating shipping orders for the movement of specific types and grades of grain to the various elevator companies which act as our agents. The division of the order to individual stations has been the responsibility of each company, subject to Board approval.

The Canadian Wheat Board, since the beginning of the 1954-55 crop year, has allocated shipping orders

to the elevator companies pursuant to the directive from the Government of Canada and considering the following factors:

1. The market requirements by grains and grades of grain.
2. Space available in terminal and forward position, having in mind the best possible utilization of railway equipment.
3. The necessity of having a back-log of open shipping orders in the country to enable efficient operation by the railways.
4. The necessity, to the degree possible, of equalizing producer delivery opportunities and the utilization of all space in country elevators to maximize producer deliveries.

In determining the share of each shipping order received by each company, the Board takes into account:

- (a) The proportion of business each company enjoyed in country elevators in years prior to congestion developing and during the period when producers had the opportunity of delivering their grain to any elevator at a shipping point, with necessary adjustments being made in respect of changes in the ownership of facilities.
- (b) The individual company's liability to the Board covering the particular type or grade of grain to be shipped.
- (c) The amount of business each company is originating during the current crop year.
- (d) The proportion of previous shipping orders each company has received from our Board during the crop year to date.
- (e) The unauthorized shipments, or shipments of grades other than those authorized, which have been made by each company.

In cases where a particular kind or grade of grain is in short supply, the Board, at times, authorizes the elevator companies to ship such stocks without special authorization by the Board. Such shipments are regarded as "open" shipments and are not taken into consideration in the Board allocation.

Cars for shipment of malting barley, representing business originated by the various companies on a strictly competitive basis, are not included in our allocation. Cars for the shipment of flaxseed are in a similar category.

In September, 1955, after the problem of car allocation had been further considered by the Agricultural Committee of the House of Commons, and, on instructions from the Government, the Transport Controller requested the railway companies to place cars at individual elevators at a station, for the shipment of grain authorized by our Board, in proportion to the Wheat Board orders held by each elevator at the point. Since that date cars for the shipment of grain have been distributed on this basis between elevators at individual shipping points.

As previously indicated, the Board has followed a policy of issuing each shipping authorization to the company concerned, leaving to its management the

## *Factual Background Material*

responsibility of proportioning the orders among the various stations where they operate elevators, subject to Board approval as related to the quota in effect. It is the considered opinion of our Board that the operating companies are in the best position to proportion the orders to individual stations where they are represented in order to provide maximum service to their patrons. The Board is concerned with the station allocation mainly insofar as it affects the relative quota positions, and the equalization of delivery opportunity among all producers.

In the event that the indicated movement out of a particular shipping point is in excess of the Board's wishes relative to the quota in effect, the company's division to such stations is revised accordingly, and is available for distribution to other stations or credited to their subsequent allotments.

It has not been the policy of the Board to disclose the proportionate shares of each order which the individual companies receive. It is our opinion that making such information public would lead to a great deal of confusion and misunderstanding. It is con-

sidered, that the release of such information without full particulars regarding the company's share of previous orders, their stock liability, the total amount of grain that we want to move forward to meet the market requirement, penalties assessed covering previous unauthorized shipments, etc., would not be in the best interests of the companies or the Board. It should be kept in mind, however, that the Board of Grain Commissioners for Canada publish weekly statistics showing country receipts of all grains by provinces and, as each company knows the amount of grain taken into their own elevators, they are always in a position to determine the exact share of the total business they are enjoying.

I trust that this brief summary of the policies being followed by our Board when authorizing the shipment of grain taken in for our account will be helpful to you in your study of the box car allocation problem.

Yours sincerely,  
W. C. McNAMARA,  
*Chief Commissioner.*

## Inquiry into the Distribution of Railway Box Cars

### STATISTICAL TABLES

#### C. Statistical Tables

1. Statement of Public Country Elevators as at December 1, 1957, by Companies and Capacity. Includes data on the Percentage of Receipts in 1956-57 for the Pools and for Other Companies Combined.
2. Country Elevator Capacities and Receipts, 1943-44 to 1956-57 by (a) Pools and (b) North-West Line Elevators Association, and United Grain Growers Limited, Combined.
3. Canadian Wheat Board Payments to Producers for No. 1 Northern Wheat, 1943-44 to 1956-57.

4. Canadian Wheat Board Payments to Producers for No. 2 C.W. Oats and No. 3 C.W. 6-Row Barley, 1949-50 to 1956-57.
5. Canadian Wheat Board Payments to Producers for Specified Grades of Wheat, 1951-52 to 1956-57.
6. Canadian Wheat Board Payments to Producers for Specified Grades of Oats, 1951-52 to 1956-57.
7. Canadian Wheat Board Payments to Producers for Specified Grades of Barley, 1951-52 to 1956-57.

C-1—Public Country Elevators as at December 1, 1957 by Companies and Capacity with Percentage of Receipts in 1956-57 for Pools and for Other Companies Combined

	No. of Elevators	Capacity			Percent- age of Receipts 1956-57
		Total	Percent- age of Total	Average	
United Grain Growers Ltd.....	676	48,923,300		72,400	
Searle Grain Co. Ltd.....	462	31,016,000		67,100	
Federal Grain Limited.....	454	26,431,000		58,200	
Pioneer Grain Co. Ltd.....	439	34,590,600		78,800	
Alberta Pacific Grain Co. (1943) Ltd.....	331	22,704,300		68,600	
National Grain Co. Ltd.....	324	22,232,900		68,500	
Canadian Consolidated Grain Co. Ltd.....	130	6,372,700		49,000	
Ogilvie Flour Mills Co. Ltd.....	128	7,598,000		59,400	
Paterson & Sons Ltd., N.M.....	104	7,320,000		70,400	
Lake of the Woods Milling Co. Ltd.....	98	5,295,400		54,000	
McCabe Grain Co. Ltd.....	90	6,235,000		69,001	
Parrish & Heimbecker Ltd.....	65	4,283,500		65,900	
Weyburn Flour Mills Ltd.....	19	1,418,590		74,700	
Ellison Milling & Elevator Co. Ltd.....	18	1,857,200		103,200	
Inter Ocean Grain Co. Ltd.....	10	957,200		95,700	
Scottish Cooperative Wholesale Society Ltd.....	10	426,000		42,600	
Canada West Grain Co. Ltd.....	6	592,000		98,600	
Midland & Pacific Grain Corporation Ltd.....	3	281,000		93,700	
24 Companies					
6 with 2 elevators each	30	2,236,300		74,500	
18 with 1 elevator each					
Total Line and U.G.G.....	3,397	230,770,990	60.8	67,900	56.0
Manitoba Pool Elevators.....	268	20,015,000	5.3	74,600	7.6
Saskatchewan Wheat Pool.....	1,145	85,888,700	22.6	75,000	25.8
Alberta Wheat Pool.....	533	42,939,250	11.3	80,500	10.6
	5,343	379,613,940	100.0	71,000	100.0

SOURCE: Elevators and Capacities: Board of Grain Commissioners.  
Receipts: North West Line Elevators Association Brief.

## Factual Background Material

**C-2—Country Elevator Capacities and Receipts, 1943-44 to 1956-57**

	Pools				Line and U.G.G. Combined			
	Capacity	Total Receipts	Percent-age of Total Capacity	Percent-age of Total Receipts	Capacity	Total Receipts	Percent-age of Total Capacity	Percent-age of Total Receipts
1943-44.....	115.1m.	216.8m.	37.6	38.2	190.9	351.1	62.4	61.8
1944-45.....	114.5	234.5	37.6	41.4	189.9	331.9	62.4	58.6
1945-46.....	105.5	186.5	38.3	44.8	170.3	229.4	61.7	55.2
1946-47.....	101.8	219.5	38.1	43.3	165.1	287.2	61.9	56.7
1947-48.....	101.4	173.7	38.3	43.5	163.2	225.9	61.7	56.5
1948-49.....	102.6	212.5	38.6	44.5	163.1	265.3	61.4	55.5
1949-50.....	104.5	212.6	39.3	46.3	161.6	246.8	60.7	53.7
1950-51.....	110.2	247.0	39.3	44.3	170.0	310.5	60.7	55.7
1951-52.....	115.9	308.1	39.1	42.4	180.3	419.5	60.9	57.6
1952-53.....	123.8	349.7	39.3	41.9	190.9	485.1	60.7	58.1
1953-54.....	130.2	246.6	39.4	41.0	200.9	354.6	60.6	59.0
1954-55.....	137.0	225.7	39.9	43.4	206.1	293.8	60.1	56.6
1955-56.....	145.3	248.8	39.5	44.4	222.7	311.4	60.5	55.6
1956-57.....	147.6	254.3	39.3	44.0	228.0	324.2	60.7	56.0

SOURCE: Board of Grain Commissioners.

**C-3—Canadian Wheat Board Payments to Producers for No. 1 Northern Wheat Basis in Store Fort William/Port Arthur or Vancouver Crop Years 1943-44 to 1956-57**

Crop Year	Initial Payment	Adjustment Payment	Interim Payment	Final Payment	Total Realized Price
					(dollars per bushel)
1943-44.....	1.25	—	—	.123	1.373
1944-45.....	1.25	—	—	.189	1.439
1945-46.....	1.25	.50	—	.084	1.834
1946-47.....	1.35	.40	—	.084	1.834
1947-48.....	1.35	.40	—	.084	1.834
1948-49.....	1.55	.20	—	.084	1.834
1949-50.....	1.75	—	—	.084	1.834
1950-51.....	1.40	.20	—	.258	1.853
1951-52.....	1.40	.20	—	.236	1.836
1952-53.....	1.40	.20	.12	.099	1.819
1953-54.....	1.40	—	.10	.064	1.564
1954-55.....	1.40	—	.10	.151	1.651
1955-56.....	1.40	—	.10	.109	1.609
1956-57.....	1.40	—	.10	.088	1.588

SOURCE: Annual Reports Canadian Wheat Board.

## Inquiry into the Distribution of Railway Box Cars

C-4—Canadian Wheat Board Payments to Producers for No. 2 Canada Western Oats, Basis in Store Fort William/Port Arthur  
Crop Years 1949-50 to 1956-57

Crop Year	Initial Payment	Adjustment Payment	Final Payment	Final Realized Price
(cents per bushel)				
1949-50.....	65	—	19.1	84.1
1950-51.....	65	10	9.8	84.8
1951-52.....	65	—	18.8	83.8
1952-53.....	65	—	9.1	74.1
1953-54.....	65	—	5.5	70.5
1954-55.....	65	7	8.7	80.7
1955-56.....	65	—	14.8	79.8
1956-57.....	65	—	—	65.0

Canadian Wheat Board Payments to Producers for No. 3 Canada Western 6-Row Barley, Basis in Store Fort William/Port Arthur  
Crop Years 1949-50 to 1956-57

1949-50.....	93	—	58.0	151.0
1950-51.....	93	20	21.1	134.1
1951-52.....	96	20	13.3	129.3
1952-53.....	96	15	13.5	124.5
1953-54.....	96	—	10.0	106.0
1954-55.....	96	10	4.5	110.5
1955-56.....	96	—	12.8	108.8
1956-57.....	96	—	6.0	102.0

SOURCE: Annual Reports Canadian Wheat Board.

C-5—Canadian Wheat Board Payments to Producers for Specified Grades of Wheat,  
Basis in Store Fort William/Port Arthur or Vancouver

Wheat	Initial Payment	Final Realized Price	Wheat	Initial Payment	Final Realized Price
(dollars per bushel)					
<i>1951-52:</i>			<i>1954-55:</i>		
No. 1 Northern.....	1.40	1.83569	No. 1 Northern.....	1.40	1.65066
No. 2 Northern.....	1.37	1.81579	No. 2 Northern.....	1.36	1.61397
No. 3 Northern.....	1.34	1.79589	No. 3 Northern.....	1.34	1.56387
No. 4 Northern.....	1.26	1.73609	No. 4 Northern.....	1.26	1.47657
No. 5 Wheat.....	1.16	1.60547	No. 5 Wheat.....	1.12	1.18619
No. 6 Wheat.....	1.06	1.52567	No. 6 Wheat.....	1.06	1.14619
Feed Wheat.....	1.00	1.49597			
<i>1952-53:</i>			<i>1955-56:</i>		
No. 1 Northern.....	1.40	1.81872	No. 1 Northern.....	1.40	1.60893
No. 2 Northern.....	1.37	1.79185	No. 2 Northern.....	1.36	1.57838
No. 3 Northern.....	1.34	1.76567	No. 3 Northern.....	1.34	1.49948
No. 4 Northern.....	1.26	1.71711	No. 4 Northern.....	1.26	1.44592
No. 5 Wheat.....	1.16	1.57507	No. 5 Wheat.....	1.10	1.29905
No. 6 Wheat.....	1.06	1.52664	No. 6 Wheat.....	1.04	1.26868
Feed Wheat.....	1.00	1.46948			
<i>1953-54:</i>			<i>1956-57:</i>		
No. 1 Northern.....	1.40	1.56426	No. 1 Northern.....	1.40	1.58838
No. 2 Northern.....	1.37	1.51920	No. 2 Northern.....	1.36	1.54892
No. 3 Northern.....	1.34	1.49488	No. 3 Northern.....	1.32	1.47978
No. 4 Northern.....	1.26	1.44568	No. 4 Northern.....	1.25	1.37880
No. 5 Wheat.....	1.12	1.32924	No. 5 Wheat.....	1.08	1.25521
No. 6 Wheat.....	1.06	1.29538	No. 6 Wheat.....	1.02	1.17871
Feed Wheat.....	1.00	1.26726			

SOURCE: Annual Reports Canadian Wheat Board.

## Factual Background Material

### C-6—Canadian Wheat Board Payments to Producers for Specified Grades of Oats. Basis in Store Fort William/Port Arthur or Vancouver

Oats	Initial Payment	Final Realized Price	Oats	Initial Payment	Final Realized Price
(cents per bushel)					
<i>1951-52:</i>			<i>1954-55:</i>		
No. 2 C.W.....	65	83.80	No. 2 C.W.....	65	80.74
Extra No. 3 C.W.....	—	—	Extra No. 3 C.W.....	62	78.92
No. 3 C.W.....	62	80.92	No. 3 C.W.....	62	75.23
Extra No. 1 Feed.....	62	80.56	Extra No. 1 Feed.....	62	73.26
No. 1 Feed.....	60	77.76	No. 1 Feed.....	60	71.35
No. 2 Feed.....	53	75.12	No. 2 Feed.....	55	68.33
No. 3 Feed.....	48	72.11	No. 3 Feed.....	48	64.66
<i>1952-53:</i>			<i>1955-56:</i>		
No. 2 C.W.....	65	74.12	No. 2 C.W.....	65	79.84
Extra No. 3 C.W.....	62	71.97	Extra No. 3 C.W.....	62	76.32
No. 3 C.W.....	62	71.22	No. 3 C.W.....	62	72.78
Extra No. 1 Feed.....	62	71.22	Extra No. 1 Feed.....	62	73.08
No. 1 Feed.....	60	68.47	No. 1 Feed.....	60	71.44
No. 2 Feed.....	53	66.40	No. 2 Feed.....	55	68.93
No. 3 Feed.....	48	64.02	No. 3 Feed.....	48	65.61
<i>1953-54:</i>			<i>1956-57:</i>		
No. 2 C.W.....	65	70.51	No. 2 C.W.....	65	65
Extra No. 3 C.W.....	62	68.36	Extra No. 3 C.W.....	62	62
No. 3 C.W.....	62	67.83	No. 3 C.W.....	62	62
Extra No. 1 Feed.....	62	68.14	Extra No. 1 Feed.....	62	62
No. 1 Feed.....	60	66.17	No. 1 Feed.....	60	60
No. 2 Feed.....	55	64.18	No. 2 Feed.....	55	55
No. 3 Feed.....	48	61.37	No. 3 Feed.....	48	48

SOURCE: Annual Reports Canadian Wheat Board.

### C-7—Canadian Wheat Board Payments to Producers for Specified Grades of Barley, Basis in Store Fort William/Port Arthur or Vancouver

Barley	Initial Payment	Final Realized Price	Barley	Initial Payment	Final Realized Price
(cents per bushel)					
<i>1951-52:</i>			<i>1954-55:</i>		
No. 3 C.W. Six Row.....	96	129.33	No. 2 C.W. Six Row.....	98	115.10
No. 4 C.W. Six Row.....	90	122.68	No. 3 C.W. Six Row.....	96	110.50
No. 1 Feed.....	87	121.15	No. 4 C.W. Six Row.....	90	102.59
No. 2 Feed.....	80	117.59	No. 2 C.W. Two Row.....	91	112.79
No. 3 Feed.....	75	111.15	No. 3 C.W. Two Row.....	88	106.84
<i>1952-53:</i>			No. 1 Feed.....	87	100.65
No. 2 C.W. Six Row.....	98	127.24	No. 2 Feed.....	82	99.83
No. 3 C.W. Six Row.....	96	124.49	No. 3 Feed.....	75	96.20
No. 4 C.W. Six Row.....	90	116.74	<i>1955-56:</i>		
No. 2 C.W. Two Row.....	91	125.36	No. 2 C.W. Six Row.....	98	112.77
No. 3 C.W. Two Row.....	88	123.36	No. 3 C.W. Six Row.....	96	108.34
No. 1 Feed.....	87	112.86	No. 4 C.W. Six Row.....	90	101.25
No. 2 Feed.....	80	111.36	No. 2 C.W. Two Row.....	91	110.85
No. 3 Feed.....	75	106.49	No. 3 C.W. Two Row.....	88	102.68
<i>1953-54:</i>			No. 1 Feed.....	87	99.32
No. 2 C.W. Six Row.....	98	109.48	Extra No. 2 Feed.....	84	98.69
No. 3 C.W. Six Row.....	96	105.98	No. 2 Feed.....	82	98.69
No. 4 C.W. Six Row.....	90	95.86	No. 3 Feed.....	75	95.68
No. 2 C.W. Two Row.....	91	104.98	<i>1956-57:</i>		
No. 3 C.W. Two Row.....	88	100.11	No. 2 C.W. Six Row.....	98	106.92
No. 1 Feed.....	87	95.00	No. 3 C.W. Six Row.....	96	102.01
No. 2 Feed.....	82	93.75	No. 4 C.W. Six Row.....	90	94.80
No. 3 Feed.....	75	90.25	No. 2 C.W. Two Row.....	91	106.12

SOURCE: Annual Reports Canadian Wheat Board.

## *Inquiry into the Distribution of Railway Box Cars*

### *D. Charts and Supporting Tables*

1. Data included in this section document the historical pattern of wheat production in Canada and point up indirectly some of the underlying reasons for the upward trend in crop output and the development of successive periods of congestion in storage and handling facilities.
  - (a) Wheat Production, Acreage and Yield, Prairie Provinces, 50 Years, 1908-57.
  - (b) Production, Disappearance and Carryover of Wheat in Canada, Crop Years, 1941-42 to 1956-57 and Average 1935-36 to 1939-40.
  - (c) Tractors and Combines on Farms, Prairie Provinces, Census Years, 1936-56.
  - (d) Growth of Two Branches of the Canada Department of Agriculture.
    - (i) Science Service—as Measured by Total Annual Expenditure, 1938-39 to 1957-58.
    - (ii) Experimental Farms Service—as Measured by Annual Votes, 1938-39 to 1958-59.
  - (e) Utilization of Crop Land in the Prairie Provinces, Census Years, 1911-56.
2. The material in this section portrays the patterns of marketing, storage and exports of Canadian grains for various historical periods and also reflects the impact of periods of congestion in grain handling facilities on these patterns.
  - (a) Farmers' Monthly Marketings of Wheat, Prairie Provinces, Crop Years, 1953-54 to 1957-58, and 10 and 25 year Averages.
  - (b) Farmers' Monthly Marketings of Wheat, Oats, Barley, Rye and Flax, Prairie Provinces, Crop Years 1953-54 to 1957-58, and 10 and 25 year Averages.
  - (c) Farmer's Marketings and Exports, Canada's Five Major Grains, Crop Years 1920-21 to 1956-57.

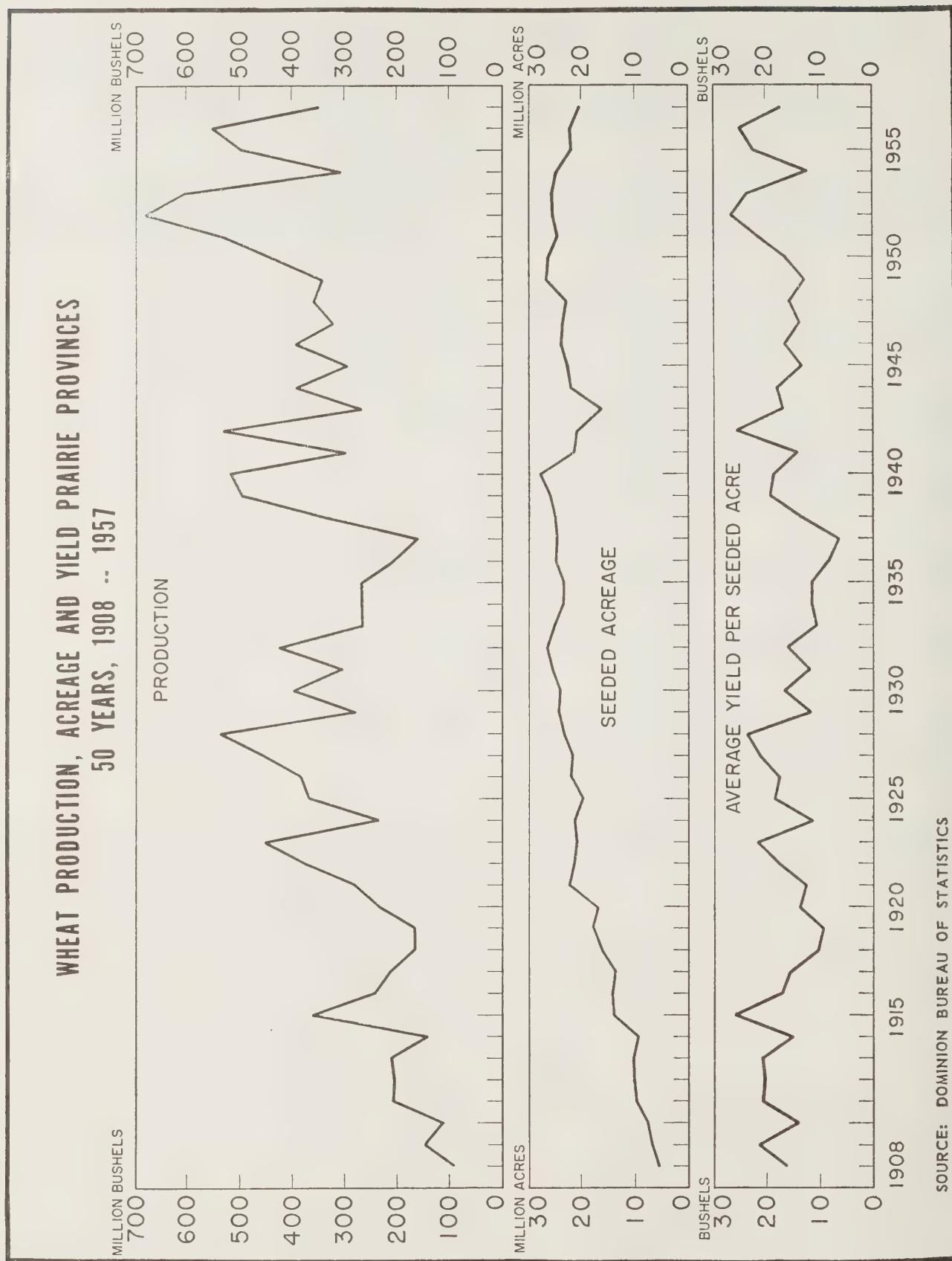
- (d) Average Monthly Marketings of the Five Major Grains in the Prairie Provinces, "Congested" Period, Crop Years 1952-53 to 1956-57, and "Free-Flow" Period, 1945-46 to 1949-50.
- (e) Country Elevator Capacities by Provinces for Selected Years 1912-57.
- (f) Terminal Elevator Capacities, for Selected Years 1912-57.
- (g) Ratio of Terminal Elevator Capacity to Total Capacity by Operating Groups for Crop Years 1943-44 to 1956-57.
- (h) Average Percentage of Licensed Grain Storage Capacity Occupied in Canada, by Months, "Congested" Period, Crop Years 1952-53 to 1956-57, and "Free-Flow" Period, 1945-46 to 1949-50.
- (i) Farm and Total Stocks of Canadian Wheat as at July 31, 1921-58.
- (j) All Wheat in Storage on Farms, March 31, 1958, Prairie Provinces, by Crop Districts.
- (k) Monthly Exports of Canadian Wheat and Wheat Flour, Crop Years, 1953-54 to 1957-58, and 10 and 30 Year Averages.
- (l) Monthly Exports of Canada's Five Major Grains and Products, Crop Years 1953-54 to 1957-58, and 10 and 30 Year Averages.
- (m) Car Lots of Grain Loaded in the Prairie Provinces, Crop Years 1939-40 to 1956-57.

### *E. Maps*

1. The two maps in this section show:
  - (a) The location of Storage Facilities across Canada and the Flow of Grain among them.
  - (b) A Generalized Picture of Western Canadian Freight Rate Zones Relating to Grain.

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2. These four maps set out the acreage distribution of wheat, oats and barley and the general type-of-farming pattern in the Prairie Provinces at the beginning of the present period of congestion in grain storing and handling facilities.
  - (a) Wheat Acreage—Prairie Provinces.
  - (b) Oats Acreage—Prairie Provinces.
  - (c) Barley Acreage—Prairie Provinces.
3. These three maps point up the variability of farming conditions in the Prairie Provinces.
  - (a) Major Soil Zones—Prairie Provinces.
  - (b) Precipitation Zones—Prairie Provinces.
  - (c) Frost-Free Periods—Prairie Provinces.



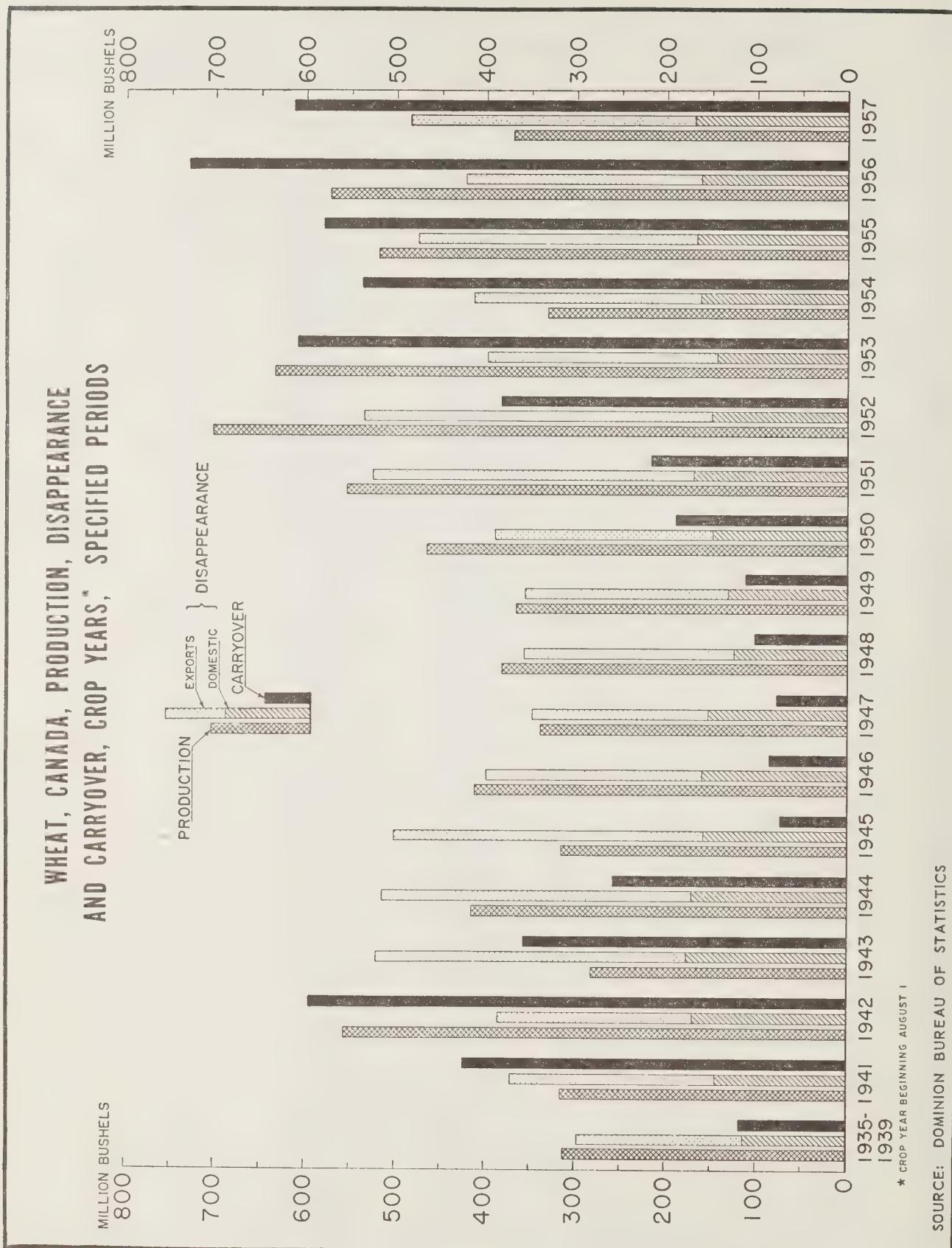
SOURCE: DOMINION BUREAU OF STATISTICS

## Factual Background Material

**D-I-a: Wheat Production, Acreage and Yield, Prairie Provinces, 50 years, 1908-1957**

Year	Production	Seeded Acreage	Average Yield per Seeded Acre
	'000 bu.	'000 acres	
1908.....	91,853	5,624,000	16.3
1909.....	147,482	6,878,000	21.4
1910.....	110,167	7,867,000	14.0
1911.....	208,697	9,990,000	20.9
1912.....	204,280	10,011,000	20.4
1913.....	209,262	10,036,000	20.9
1914.....	140,958	9,335,000	15.1
1915.....	360,187	13,868,000	26.0
1916.....	242,314	14,363,000	16.9
1917.....	211,953	13,619,000	15.6
1918.....	164,436	16,125,000	10.2
1919.....	165,544	17,750,000	9.3
1920.....	234,138	16,841,000	13.9
1921.....	280,098	22,181,000	12.6
1922.....	375,194	21,223,000	17.7
1923.....	452,260	20,880,000	21.7
1924.....	235,694	21,066,000	11.2
1925.....	367,058	19,760,000	18.6
1926.....	380,765	21,805,000	17.5
1927.....	454,559	21,426,000	21.2
1928.....	544,598	23,159,000	23.5
1929.....	279,336	24,197,000	11.5
1930.....	397,300	23,960,000	16.6
1931.....	301,181	25,586,000	11.8
1932.....	422,947	26,395,000	16.0
1933.....	263,004	25,177,000	10.4
1934.....	263,800	23,296,000	11.3
1935.....	264,096	23,293,000	11.3
1936.....	202,000	24,838,000	8.1
1937.....	156,800	24,599,000	6.4
1938.....	336,000	24,946,000	13.5
1939.....	494,000	25,813,000	19.1
1940.....	513,800	27,750,000	18.5
1941.....	296,000	21,216,000	14.0
1942.....	529,000	20,653,000	25.6
1943.....	267,800	16,026,000	16.7
1944.....	391,700	21,900,000	17.9
1945.....	294,600	22,430,000	13.1
1946.....	393,000	23,731,000	16.6
1947.....	320,000	23,357,000	13.7
1948.....	356,000	22,820,000	15.6
1949.....	341,000	26,524,000	12.9
1950.....	439,000	26,382,000	16.6
1951.....	530,000	24,385,000	21.7
1952.....	678,000	25,372,000	26.7
1953.....	604,000	25,517,000	23.7
1954.....	305,000	24,707,000	12.3
1955.....	497,000	21,964,000	22.6
1956.....	551,000	22,064,000	25.0
1957.....	349,000	20,360,000	17.3

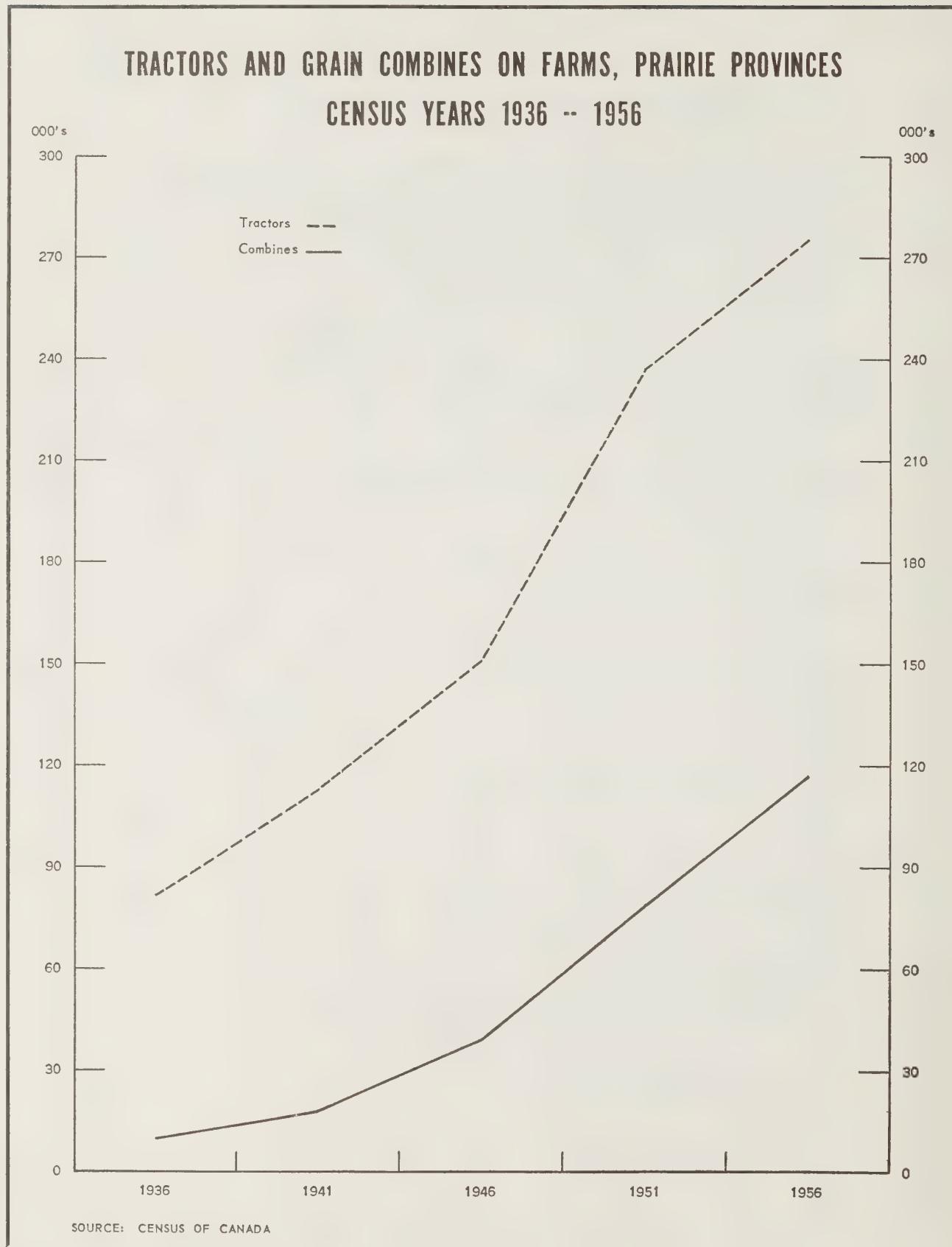
SOURCE: Dominion Bureau of Statistics.



D-I-b: Wheat—Canada, Production, Disappearance and Carryover, Crop Years, Specified Periods

	Production	Disappearance			Carryover, end of Crop Year
		Exports	Domestic	Total	
— million bushels —					
1935-39 Average.....	312	183	114	297	118
1941-42.....	315	226	145	371	424
1942-43.....	556	215	170	385	595
1943-44.....	282	344	177	521	357
1944-45.....	415	343	171	514	258
1945-46.....	316	343	158	501	74
1946-47.....	412	239	160	399	86
1947-48.....	339	195	153	348	78
1948-49.....	381	232	125	357	102
1949-50.....	366	225	131	356	112
1950-51.....	466	241	149	390	189
1951-52.....	554	356	170	526	217
1952-53.....	702	386	150	536	383
1953-54.....	634	255	144	399	619
1954-55.....	332	252	162	414	537
1955-56.....	519	309	167	476	580
1956-57.....	573	262	161	423	730
1957-58.....	371	316	170	486	615

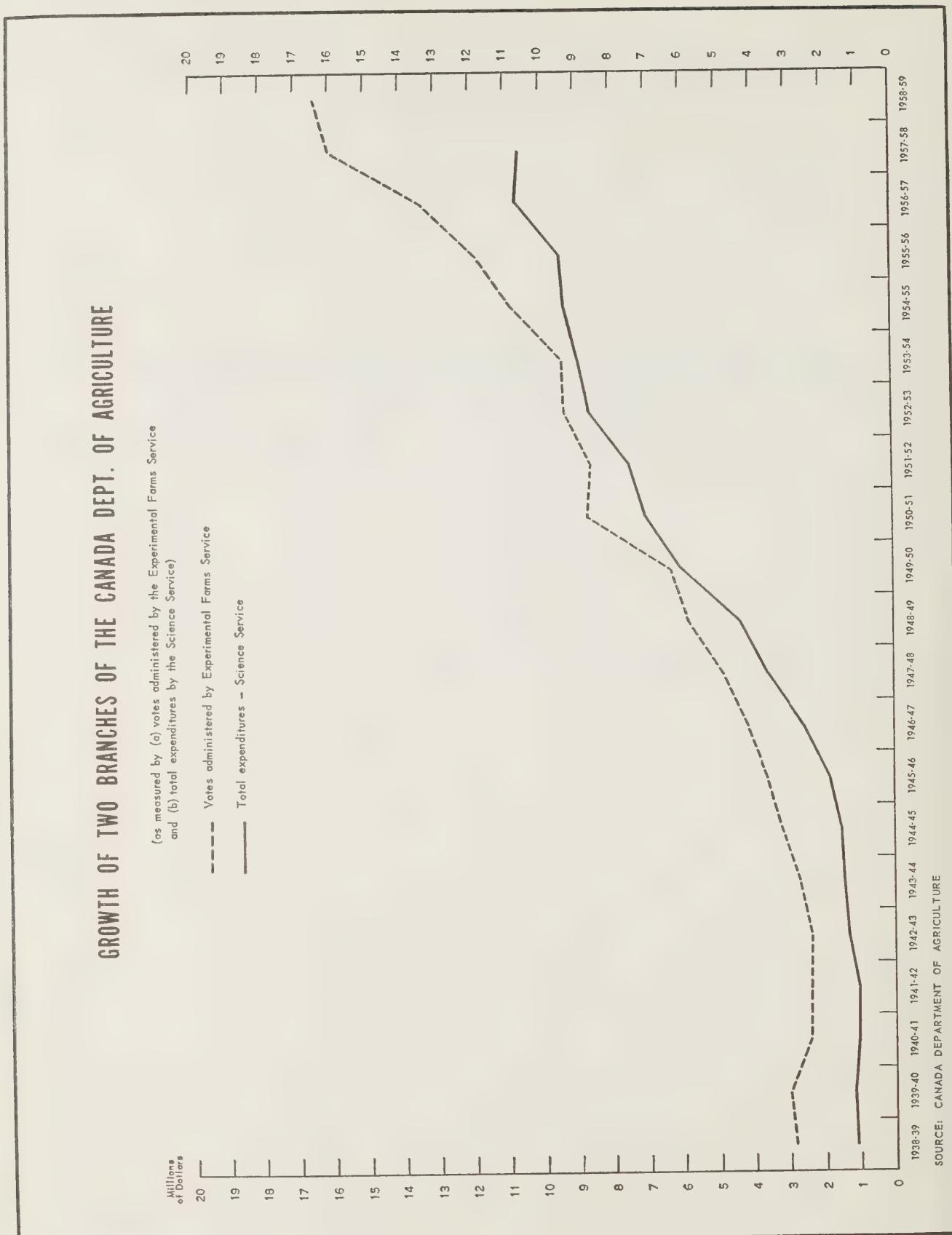
SOURCE: Dominion Bureau of Statistics.



**D-I-c: Tractors and Grain Combines on Farms, Prairie Provinces, Census Years 1936-1956**

Year	No. of Tractors	No. of Grain Combines
1936.....	81,657	9,827
1941.....	112,624	18,081
1946.....	151,161	38,870
1951.....	236,930	79,117
1956.....	274,809	116,817

SOURCE: Census of Canada.

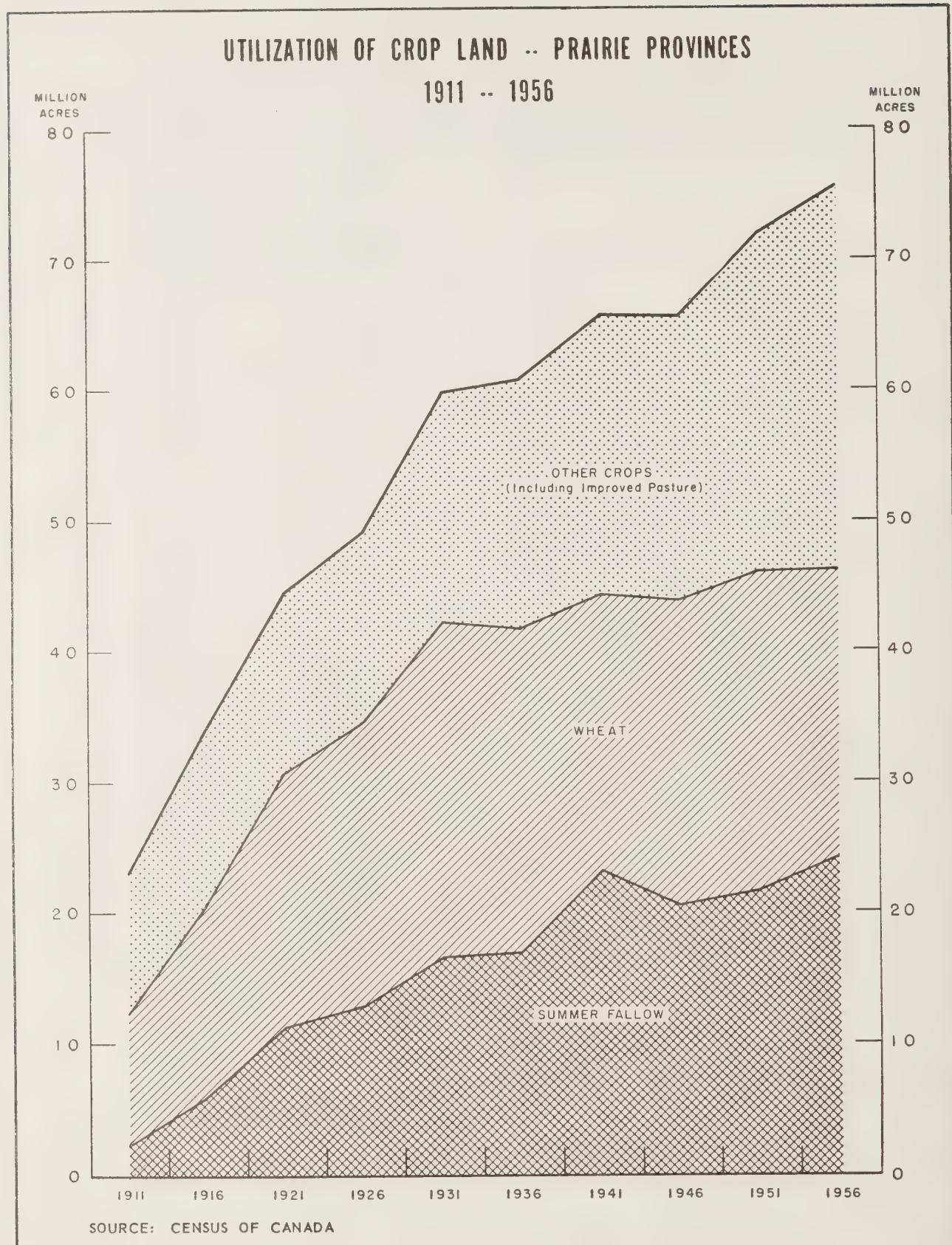


*Factual Background Material*

D-1-d: Growth of Two Branches of the Canada Department of Agriculture as Measured by (a) Votes Administered by the Experimental Farms Service and (b) Total Expenditures by the Science Service

Fiscal Year	Votes Administered by Experimental Farms Service	Total Expenditures by Science Service
1938-39.....	2,851,407	1,131,080
1939-40.....	3,091,836	1,198,099
1940-41.....	2,434,016	1,055,499
1941-42.....	2,424,726	1,069,151
1942-43.....	2,412,595	1,317,813
1943-44.....	2,677,924	1,381,431
1944-45.....	3,193,563	1,545,959
1945-46.....	3,630,607	1,809,380
1946-47.....	4,182,598	2,633,959
1947-48.....	4,830,846	3,592,747
1948-49.....	5,810,471	4,357,794
1949-50.....	6,313,203	6,060,697
1950-51.....	8,704,010	7,085,698
1951-52.....	8,651,391	7,489,978
1952-53.....	9,279,725	8,628,459
1953-54.....	9,386,388	8,969,369
1954-55.....	10,832,981	9,292,422
1955-56.....	11,778,694	9,424,274
1956-57.....	13,398,131	10,723,697
1957-58.....	16,005,872	10,627,549
1958-59.....	16,384,517	n. a.

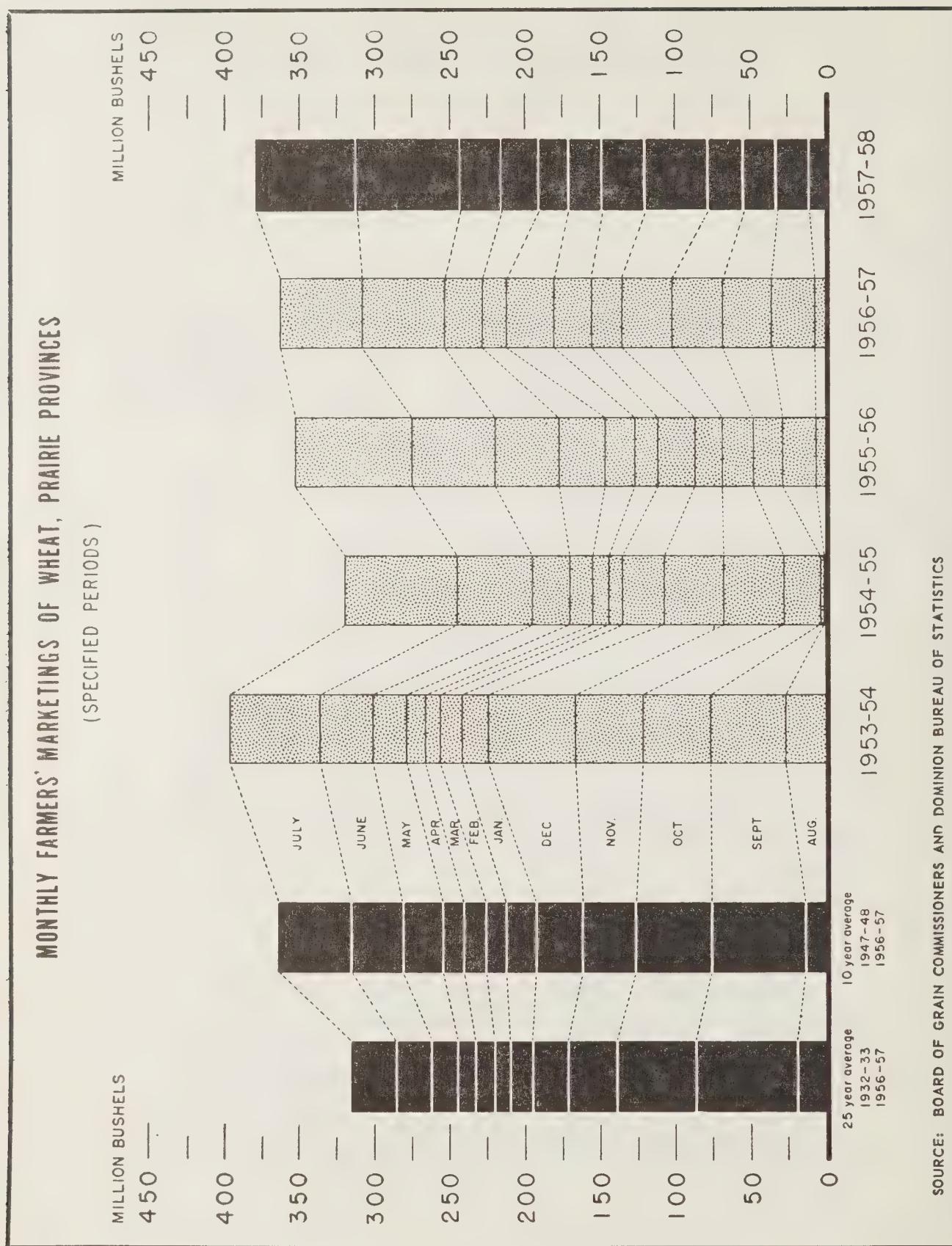
SOURCE: Canada Department of Agriculture.



D-1-e: Utilization of Crop Land—Prairie Provinces, Census Years 1911-1956

Census Year	Summerfallow	Wheat	Other Crops Including Improved Pasture
- Million Acres -			
1911.....	2.3	10.0	10.7
1916.....	6.0	14.4	14.0
1921.....	11.3	19.4	14.2
1926.....	12.9	21.8	14.6
1931.....	16.6	25.6	17.7
1936.....	16.9	24.8	19.2
1941.....	23.1	21.2	21.2
1946.....	20.4	23.4	21.6
1951.....	21.6	24.4	25.9
1956.....	24.1	22.1	29.5

SOURCE: Census of Canada.



## Factual Background Material

**D-2-a: Cumulative Monthly Farmers' Marketings<sup>1</sup> of Wheat, Prairie Provinces<sup>2</sup>**

	25-year av.		10-year av.				
	1932-33 1956-57	1947-48 1956-57	1953- 1954	1954- 1955	1955- 1956	1956- 1957	1957- 1958
— thousand bushels —							
August.....	19,719	13,149	26,531	162	6,051	6,747	10,570
Aug.-Sept.....	86,939	75,631	76,335	3,380	28,354	35,776	31,453
Aug.-Oct.....	139,600	126,359	121,447	27,539	47,571	68,294	53,514
Aug.-Nov.....	172,033	161,772	166,724	67,768	68,638	102,165	76,435
Aug.-Dec.....	195,519	192,638	224,661	107,280	86,752	135,525	118,508
Aug.-Jan.....	209,923	212,285	241,693	135,024	111,213	155,478	148,448
Aug.-Feb.....	220,418	225,594	256,363	144,250	126,828	180,637	168,522
Aug.-Mar.....	233,122	240,550	266,381	155,053	146,717	212,318	188,189
Aug.-Apr.....	244,610	254,549	278,517	170,613	177,214	228,124	214,846
Aug.-May.....	261,991	281,393	301,101	195,633	219,930	253,511	242,462
Aug.-June.....	285,517	315,773	336,629	245,322	275,028	308,375	311,288
Aug.-July.....	315,979	365,048	396,849	319,777	352,961	361,903	378,421

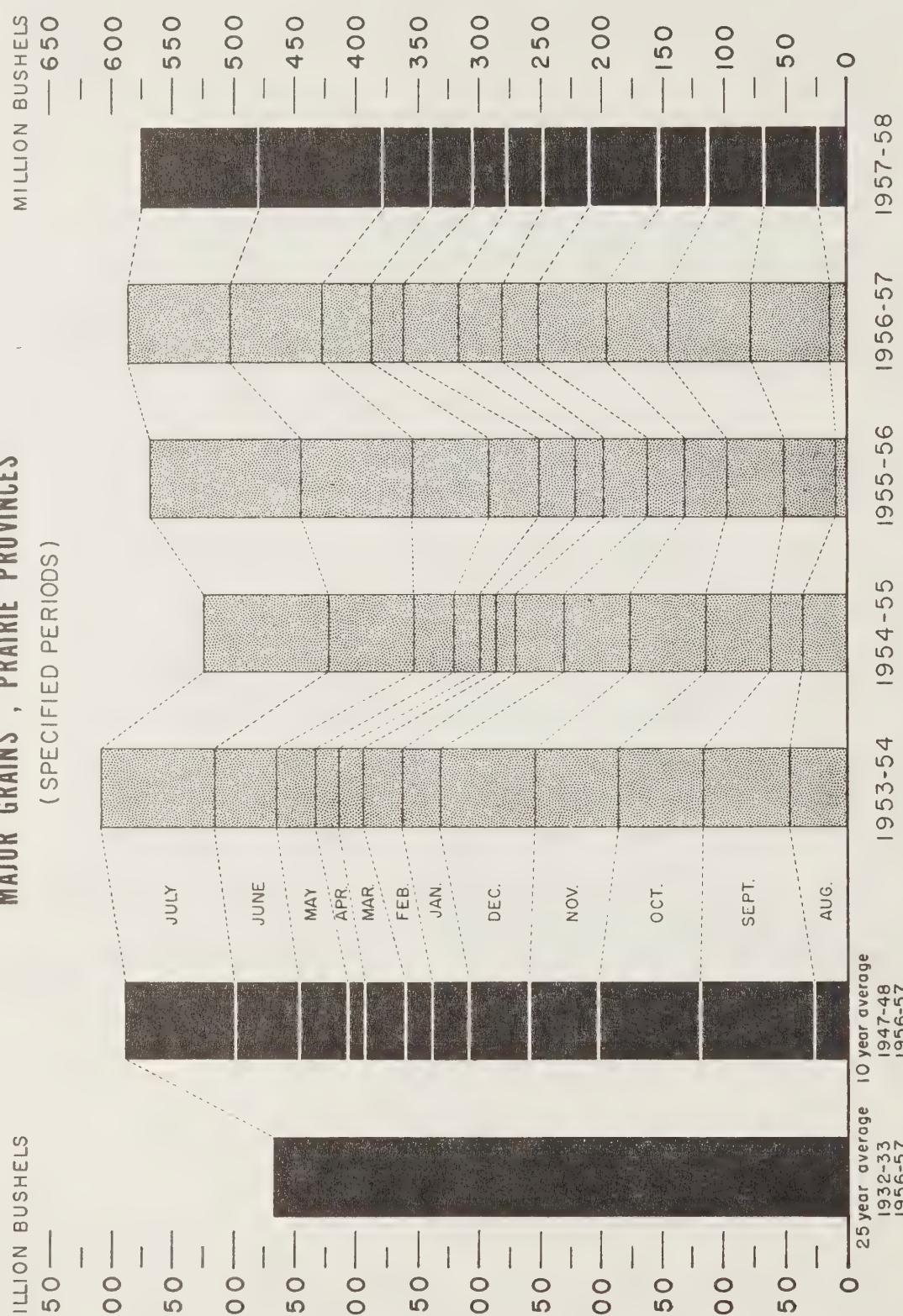
SOURCE: Board of Grain Commissioners and Dominion Bureau of Statistics.

<sup>1</sup>Includes receipts at country, interior private terminal and mill elevators and platform loadings.

<sup>2</sup>Includes points in Ontario west of Fort William and country points in the Peace River Valley situated in British Columbia.

**MONTHLY FARMERS' MARKETINGS OF CANADA'S FIVE**

**MAJOR GRAINS\*, PRAIRIE PROVINCES**  
(SPECIFIED PERIODS)



\*Wheat, oats, barley, rye and flaxseed

SOURCE: BOARD OF GRAIN COMMISSIONERS AND DOMINION BUREAU OF STATISTICS

**D-2-b: Cumulative Monthly Farmers' Marketings<sup>1</sup> of Canada's Five Major Grains<sup>2</sup> in the Prairie Provinces<sup>3</sup>**

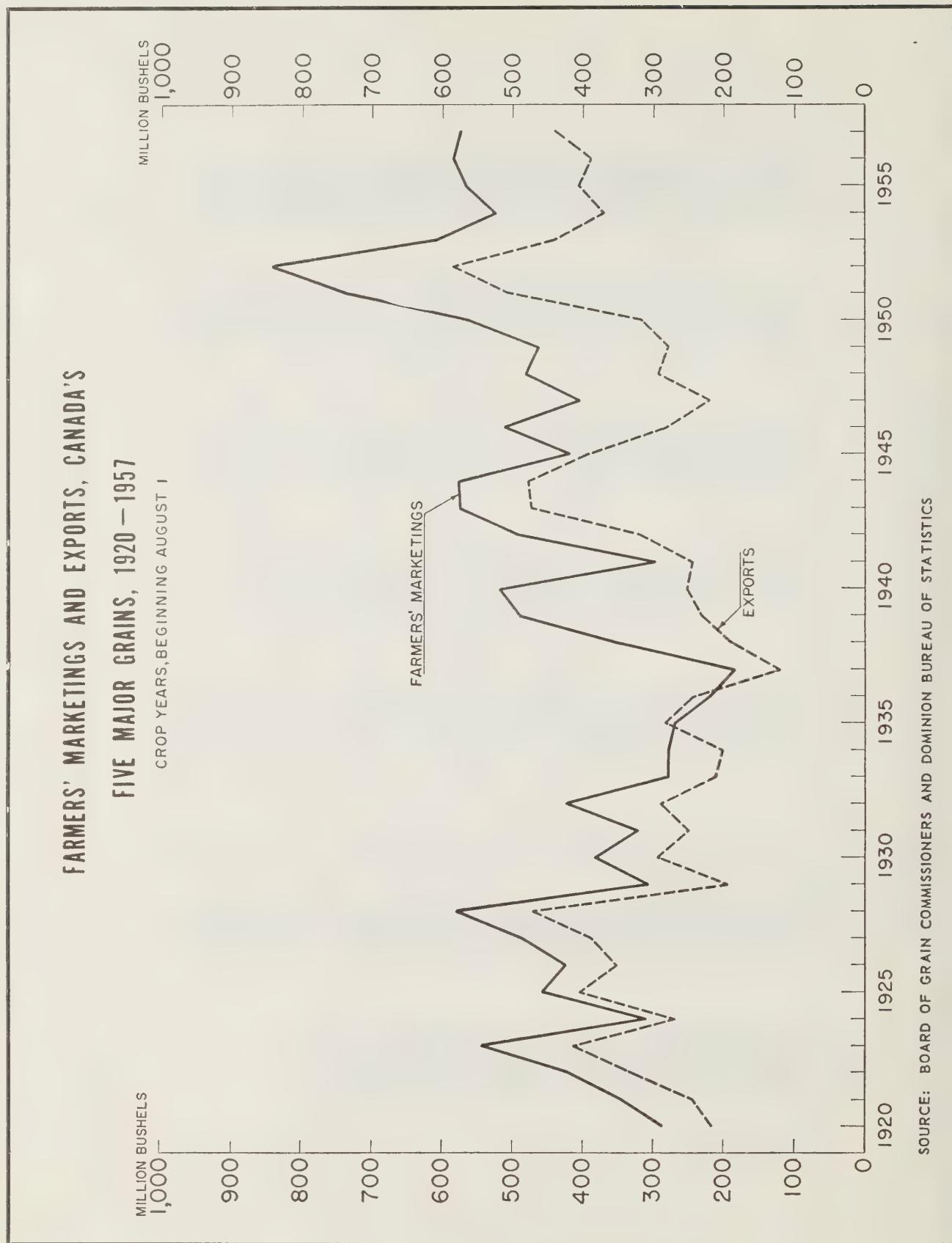
	25-year av.		10-year av.				
	1932-33 1956-57	1947-48 1956-57	1953- 1954	1954- 1955	1955- 1956	1956- 1957	1957- 1958
— thousand bushels —							
August.....	26,490	46,946	34,953	9,618	12,986	20,252	
Aug.-Sept.....	119,817	117,200	62,359	50,161	79,492	66,968	
Aug.-Oct.....	202,972	185,479	114,987	99,642	146,556	110,169	
Aug.-Nov.....	259,527	253,969	178,592	133,482	195,585	151,543	
Aug.-Dec.....	307,095	331,570	230,351	162,140	251,692	209,149	
Aug.-Jan.....	338,669	362,068	271,664	199,310	282,336	248,522	
Aug.-Feb.....	359,801	393,964	285,598	221,875	316,857	275,610	
Aug.-Mar.....	383,100	413,138	299,857	251,228	361,161	304,221	
Aug.-Apr.....	405,507	432,800	319,908	292,835	387,104	338,039	
Aug.-May.....	446,073	464,596	352,226	353,555	426,901	376,827	
Aug.-June.....	499,563	515,520	422,225	443,415	503,517	478,551	
Aug.-July.....	467,106	577,937	607,587	524,345	567,029	584,705	575,570

SOURCE: Board of Grain Commissioners and Dominion Bureau of Statistics.

<sup>1</sup>From 1932-33—1939-40 includes receipts at country elevators and platform loadings. From 1940-41 to date includes receipts at country elevators, platform loadings and interior private and mill elevators.

<sup>2</sup>Wheat, oats, barley, rye and flaxseed.

<sup>3</sup>Includes points in Ontario west of Fort William and country points in the Peace River Valley situated in British Columbia.



## D-2-c: Farmers' Marketings of Canada's Five Major Grains

### D-2-c: Exports of Canada's Five Major Grains and their Products

	Wheat	Oats	Barley	Rye	Flaxseed	Total
— thousand bushels —						
1920-21...	185,562	101,145	98,720	286,707		
1921-22...	246,714	92,475	92,475	345,434		
1922-23...	330,719	121,024	121,024	423,194		
1923-24...	422,165	106,516	85,916	543,198		
1924-25...	211,926	99,000	87,365	310,926		
1925-26...	351,683	106,516	87,365	458,199		
1926-27...	338,541	85,916	111,558	424,457		
1927-28...	399,654	87,365	62,792	487,019		
1928-29...	468,392	111,558	71,555	579,950		
1929-30...	244,832	62,792	59,982	307,625		
1930-31...	310,594	71,555	52,659	382,148		
1931-32...	262,222	59,982	52,008	322,204		
1932-33...	371,592	52,659	52,008	424,251		
1933-34...	226,846	51,180	52,008	278,854		
1934-35...	227,445	54,281	52,008	278,625		
1935-36...	214,342	56,122	52,008	268,623		
1936-37...	163,457	59,977	59,977	219,578		
1937-38...	124,574	59,977	59,977	184,551		
1938-39...	289,547	65,024	65,024	354,471		
1939-40...	425,491	66,849	66,849	492,340		
1940-41...	458,383	32,275	20,980	5,091	2,588	519,316
1941-42...	227,855	33,206	26,535	5,335	4,903	297,833
1942-43...	268,219	120,841	85,859	9,863	11,394	496,176
1943-44...	326,511	144,046	85,234	4,693	14,410	574,894
1944-45...	352,931	135,965	76,628	4,087	7,173	576,783
1945-46...	237,297	107,360	67,255	3,096	4,733	419,741
1946-47...	334,597	99,765	67,519	5,577	4,795	512,254
1947-48...	246,597	72,531	64,927	10,140	10,487	404,682
1948-49...	293,931	85,716	70,186	17,502	15,160	482,495
1949-50...	319,535	80,355	53,308	8,687	1,492	463,377
1950-51...	367,681	102,479	83,348	7,441	3,252	564,201
1951-52...	455,315	133,307	130,175	11,723	6,358	736,878
1952-53...	535,929	119,403	164,657	15,925	8,155	844,069
1953-54...	396,849	90,167	101,342	11,826	7,401	607,587
1954-55...	319,777	70,086	112,502	13,191	8,790	524,345
1955-56...	352,961	71,436	114,400	12,486	15,746	567,029
1956-57...	361,903	69,127	120,602	4,063	29,010	584,705
1957-58...	378,421	57,724	116,644	7,374	15,407	575,570

25-yr. aver.  
1932-33—  
1956-57 31

37-VT. aver.

1920-21—

SOURCE: Board of Grain Commissioners and Dominion Bureau of Statistics  
1921; 1922

### *Factual Background Material*

Oats,	Oatmeal,	Barley,	Malt,	Pot and	Rye	Flour	Flaxseed	Total
Wheat,	and	Pearl	Pearl	Barley <sup>1</sup>	Rye	Flour	Flaxseed	
Wheat	Rolled	Oats						
— thousand bushels —								
1920-21..	32,015	10,816	3,226	2,834	216,054			
1921-22..	30,117	12,422	4,525	2,631	243,698			
1922-23..	279,493	25,883	13,842	10,177	2,322	331,717		
1923-24..	343,148	43,302	15,396	7,579	3,482	412,907		
1924-25..	192,721	38,460	27,772	6,338	4,966	270,257		
1925-26..	324,592	36,827	34,181	6,223	2,953	404,776		
1926-27..	292,881	8,701	38,795	8,303	3,278	351,958		
1927-28..	332,962	14,865	26,442	11,265	2,386	387,920		
1928-29..	407,563	16,310	40,148	5,751	1,935	471,707		
1929-30..	186,267	4,169	2,605	348	415	193,804		
1930-31..	258,694	11,477	19,194	2,090	1,998	293,453		
1931-32..	207,030	18,010	15,359	9,048	251	249,698		
1932-33..	264,304	14,419	7,842	2,868	794	290,227		
1933-34..	194,780	9,141	5,407	2,582	187	212,097		
1934-35..	165,751	17,863	17,443	1,189	12	202,258		
1935-36..	254,425	15,515	10,115	2,459	19	282,533		
1936-37..	209,773	9,501	19,617	3,634	178	242,703		
1937-38..	95,586	8,228	16,166	650	16	120,646		
1938-39..	160,034	12,934	16,810	788	31	190,597		
1939-40..	192,674	23,591	12,830	2,824	—	231,919		
1940-41..	231,206	13,651	4,594	2,043	55	251,549		
1941-42..	225,828	11,861	3,009	2,845	842	244,385		
1942-43..	214,701	63,323	34,862	11,114	5,202	320,202		
1943-44..	343,755	74,735	37,200	8,175	10,050	473,915		
1944-45..	342,946	85,798	39,968	6,340	4,327	479,379		
1945-46..	343,186	43,861	5,088	3,003	346	395,484		
1946-47..	239,421	29,759	7,658	5,274	61	282,173		
1947-48..	194,982	10,202	4,327	10,226	1,788	252,525		
1948-49..	232,329	23,220	24,605	10,239	4,413	294,806		
1949-50..	225,137	20,547	20,848	9,954	3,034	279,520		
1950-51..	240,961	35,397	27,403	9,367	4,131	317,259		
1951-52..	355,825	70,646	73,472	6,820	2,882	509,645		
1952-53..	385,527	65,371	122,077	8,993	4,060	586,028		
1953-54..	255,081	70,700	93,742	16,835	5,172	411,530		
1954-55..	251,909	22,247	80,876	9,311	6,345	370,688		
1955-56..	309,181	4,142	68,700	12,918	11,583	406,524		
1956-57..	261,797	18,681	81,537	5,448	21,582	389,045		
1957-58..	315,593	26,184	80,297	5,446	13,650	441,170		

30 yr. aver.  
1927-28—  
1956-57

1920-21 = 1956-57 253 449 28 526 29 545 5 994 3 150 320 664

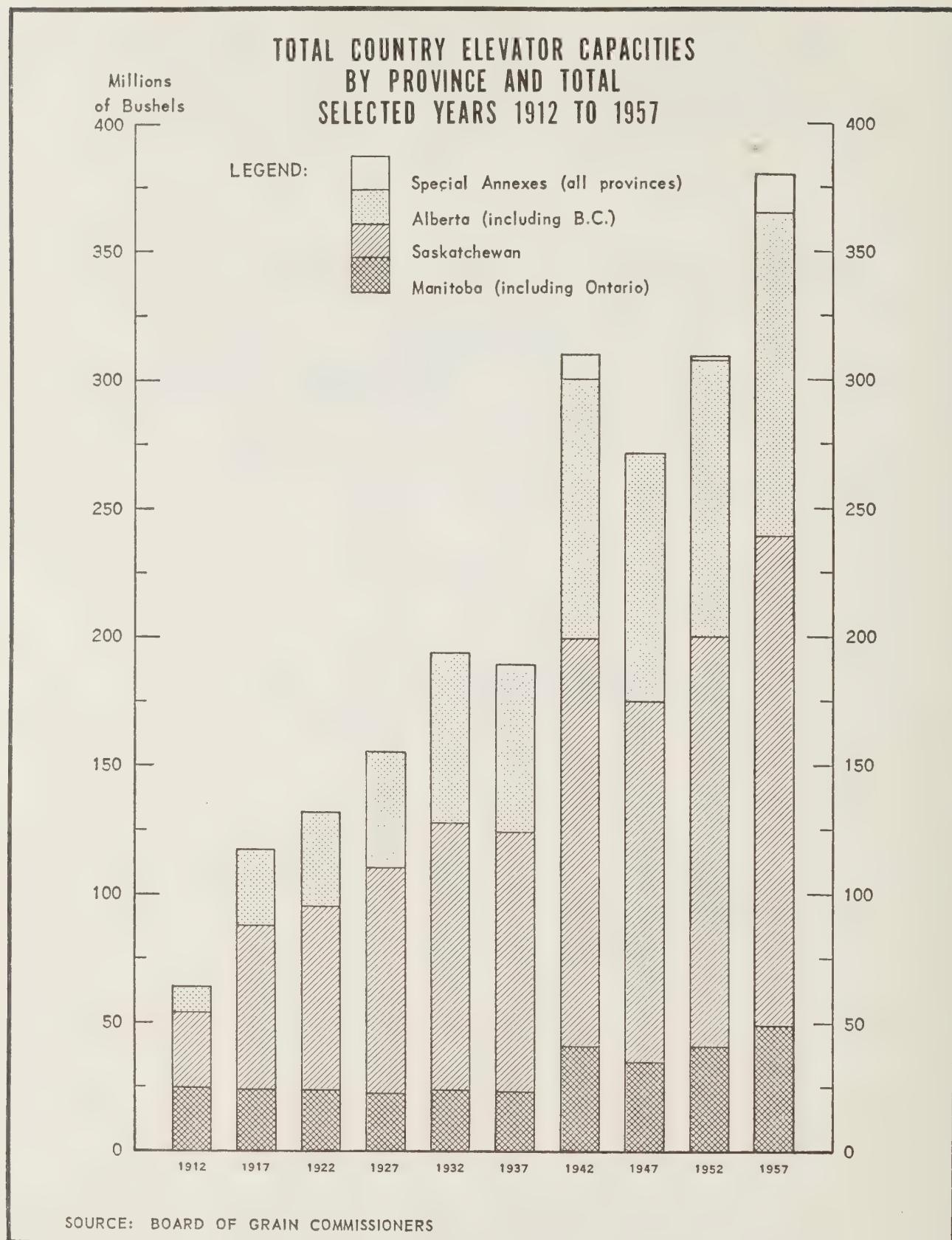
<sup>1</sup>Pot and Pearl barley in terms of barley beginning with 1947-48.  
<sup>2</sup>Malt beginning with 1931-32.



**D-2-d: Average Monthly Marketings of the Five Major Grains in the Prairie Provinces, "Congested" Period, Crop Years 1952-53 to 1956-57 and "Free Flow" Period, 1945-46 to 1949-50**

Months	Crop Years	
	Av. Mo. Marketings 1945-46 to 1949-50	Av. Mo. Marketings 1952-53 to 1956-57
(Million Bus.)		
August.....	32.1	29.7
September.....	126.6	57.5
October.....	94.4	71.5
November.....	45.2	57.3
December.....	27.2	58.1
January.....	20.5	39.0
February.....	9.7	28.5
March.....	15.0	29.6
April.....	11.3	29.9
May.....	20.1	43.2
June.....	27.3	68.8
July.....	27.1	112.1

SOURCE: Board of Grain Commissioners.

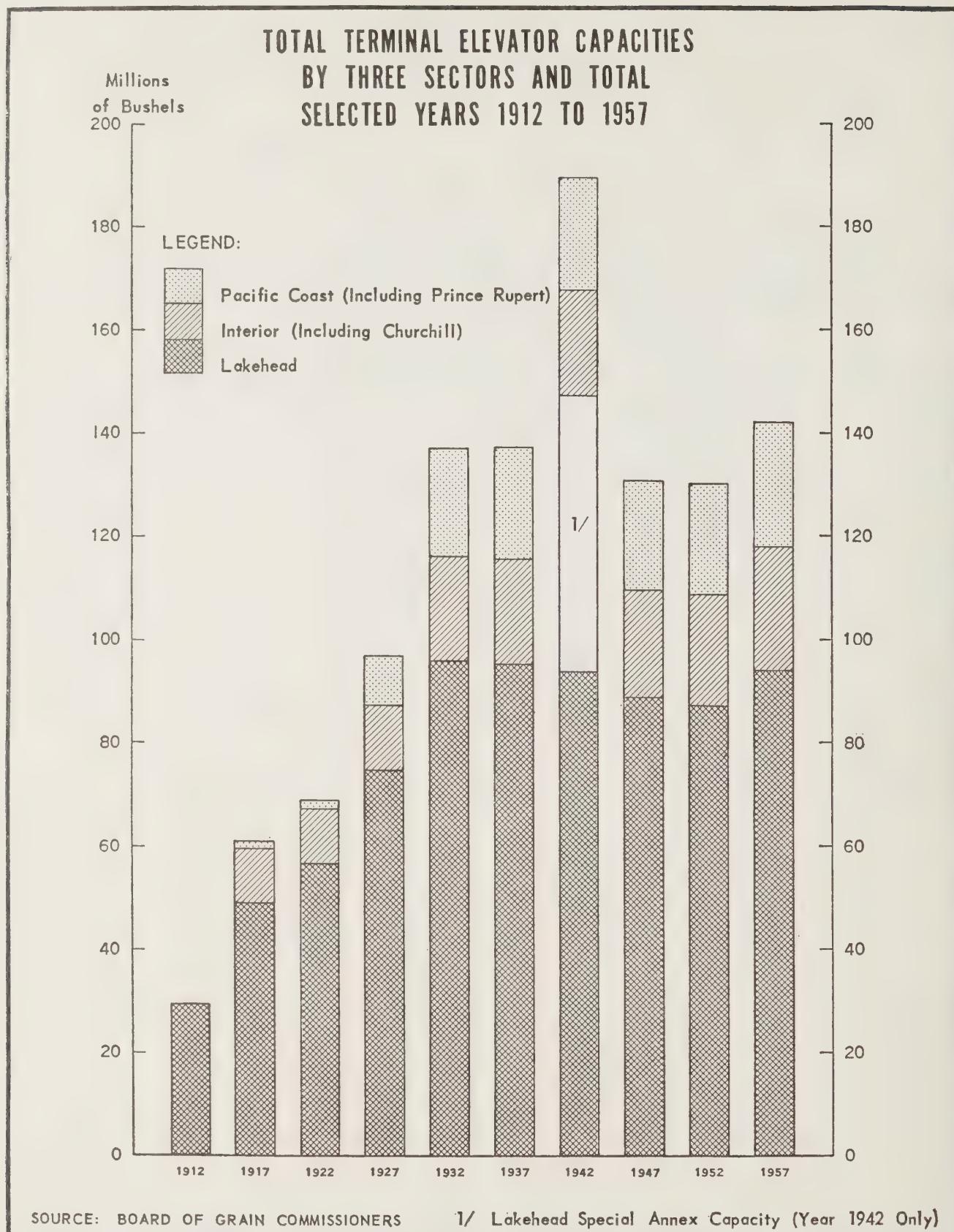


D-2-e: Total Country Elevator Capacities (By Provinces and Total—Selected Years 1912 to 1957)

Year	Manitoba (Including Ontario)	Saskatchewan	Alberta (Including B.C.)	Special Annexes	Total
1912.....	24,150,500	29,314,000	10,350,000	—	63,814,500
1917.....	23,565,600	64,394,200	29,381,000	—	117,340,800
1922.....	23,165,100	72,542,320	36,605,000	—	132,312,420
1927.....	21,701,300	87,806,900	45,609,000	—	155,117,200
1932.....	23,195,850	103,327,050	66,970,900	—	193,453,800
1937.....	22,367,950	100,873,850	66,009,500	—	189,251,300
1942.....	41,039,017	157,553,044	100,732,500	10,618,768	309,608,076
1947.....	34,507,100	141,062,900	96,077,500	—	271,647,500
1952.....	40,660,100	158,269,500	107,580,950	1,579,200	308,089,750
1957.....	48,053,300	191,042,500	126,306,950	14,952,690	380,355,440

SOURCE: Board of Grain Commissioners.

NOTE: Data shown are basis December 1st of each selected year. Capacities shown include both licensed and unlicensed elevators.



**D-2-f: Total Terminal Elevator Capacities (By Three Sectors and Total—Selected Years 1912 to 1957)**

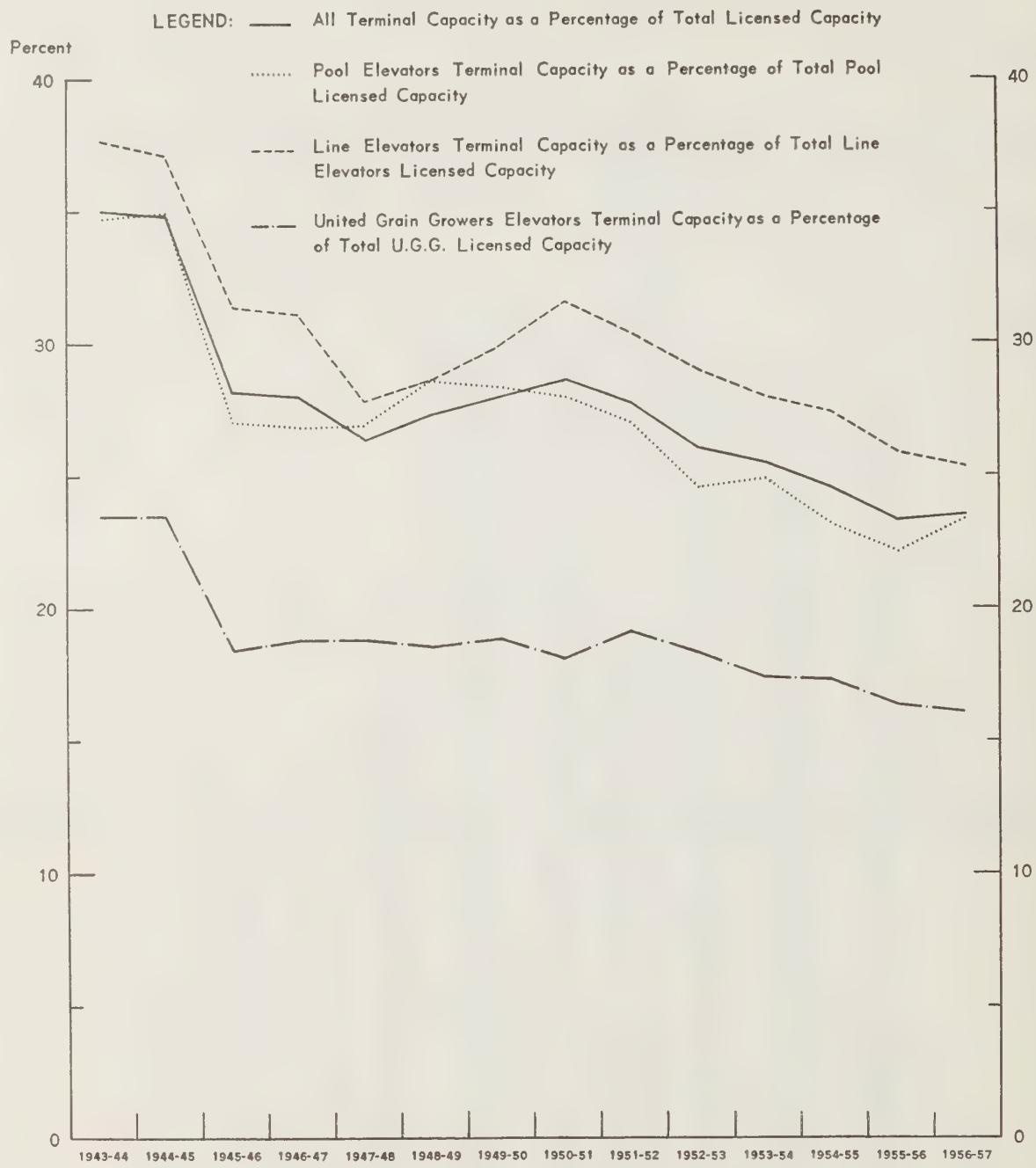
Year	Pacific Coast (Incl. Pr. Rupert)	Interior (Incl. Churchill)	Lakehead	Total
1912.....	—	—	29,380,000	29,380,000
1917.....	1,266,000	10,500,000	49,370,000	61,136,000
1922.....	1,250,000	10,500,000	56,810,000	68,560,000
1927.....	9,495,000	13,000,000	74,290,000	96,785,000
1932.....	21,228,000	20,750,000	94,532,210	136,510,210
1937.....	21,728,000	20,600,000	94,457,210	136,785,210
1942.....	21,850,000	20,600,000	93,697,210	189,265,210
			(53,118,000) <sup>1</sup>	
1947.....	21,724,500	21,200,000	88,352,210	131,276,710
1952.....	21,756,500	21,400,000	86,883,800	130,040,300
1957.....	23,906,500	23,900,000	94,352,210	142,158,710

SOURCE: Board of Grain Commissioners.

<sup>1</sup>Special annex capacity.

NOTE: Data shown are basis December 1st of each selected year. Capacities shown include both licensed and unlicensed elevators. Interior Terminals include Canadian Government Elevators other than Prince Rupert, and Semi-Public Terminals at Transcona and Churchill.

RELATIONSHIP TERMINAL CAPACITY TO TOTAL LICENSED STORAGE CAPACITY,  
BY OPERATING GROUPS  
CROP YEARS 1943-44 TO 1956-57



SOURCE: BOARD OF GRAIN COMMISSIONERS

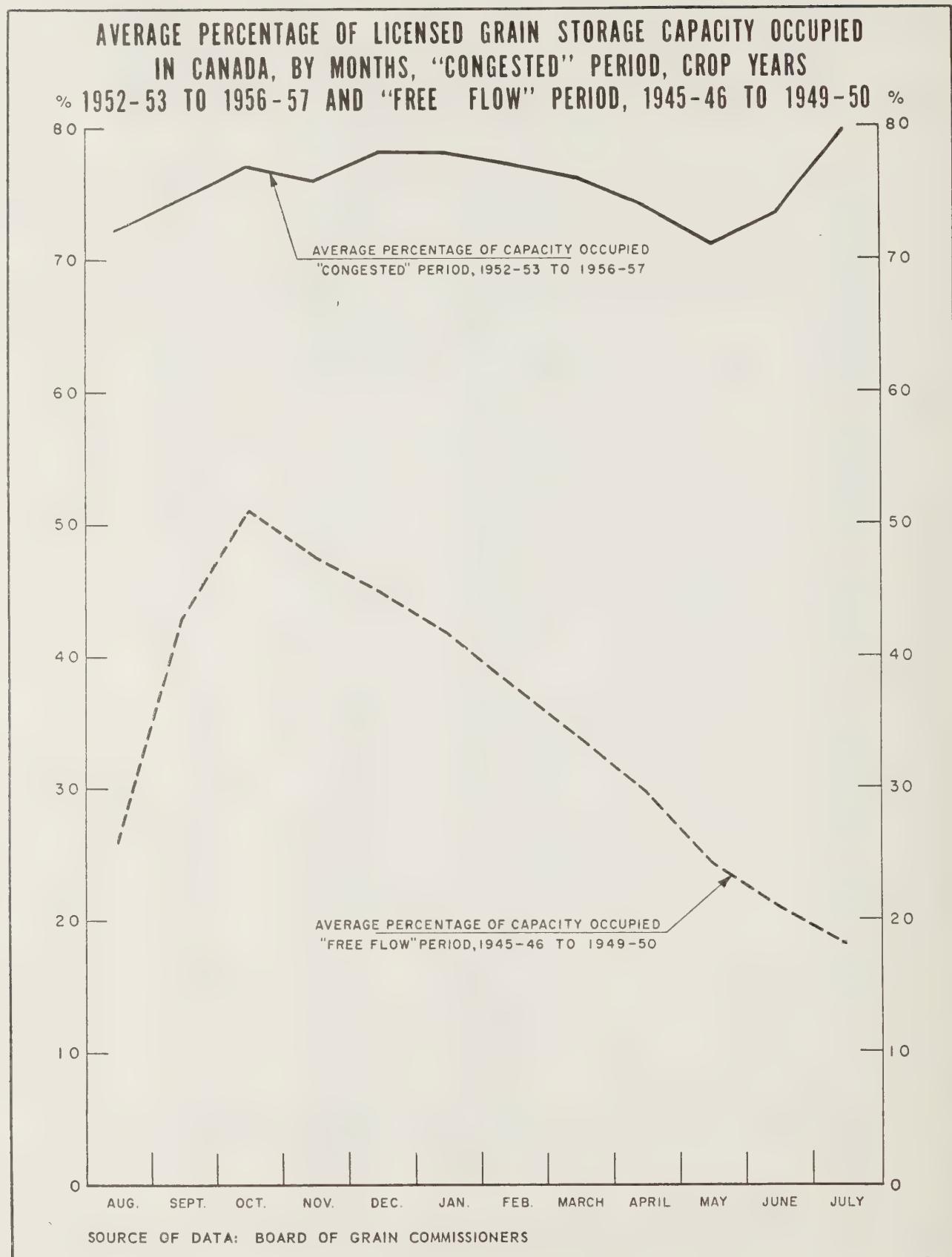
## Factual Background Material

**D-2-g: Relationship Terminal Capacities to Total Licensed Storage Capacity, by Operating Groups**  
(Crop Years 1943-44 to 1956-57)

Crop Year	Total Capacity	Terminal Elevator Capacity	Terminal Capacity as a Percentage of Total Capacity
	bu.	bu.	bu.
	<i>All Elevators</i>		
1943-44.....	471,199,222	165,089,710	35.0
1944-45.....	467,042,280	162,589,710	34.8
1945-46.....	384,414,060	108,526,710	28.2
1946-47.....	370,929,310	104,000,210	28.0
1947-48.....	359,279,810	94,650,210	26.3
1948-49.....	366,140,860	100,400,210	27.4
1949-50.....	369,395,560	103,276,710	28.0
1950-51.....	392,686,060	112,426,710	28.6
1951-52.....	409,736,660	113,458,710	27.7
1952-53.....	425,648,660	110,890,300	26.1
1953-54.....	444,571,398	113,458,710	25.5
1954-55.....	454,911,510	111,808,710	24.6
1955-56.....	479,862,000	111,808,710	23.3
1956-57.....	491,301,250	115,608,710	23.5
	<i>Pool Elevators</i>		
1943-44.....	176,629,860	61,480,210	34.8
1944-45.....	176,037,360	61,480,210	34.9
1945-46.....	144,552,960	39,017,210	27.0
1946-47.....	139,183,010	37,367,210	26.8
1947-48.....	138,686,510	37,267,210	26.9
1948-49.....	143,864,660	41,267,210	28.7
1949-50.....	145,758,860	41,267,210	28.3
1950-51.....	153,148,560	42,917,210	28.0
1951-52.....	158,873,460	42,917,210	27.0
1952-53.....	164,199,050	40,348,800	24.6
1953-54.....	173,161,960	42,917,210	24.8
1954-55.....	178,246,360	41,267,210	23.2
1955-56.....	186,662,160	41,267,210	22.1
1956-57.....	192,754,660	45,067,210	23.4
	<i>Line Elevators</i>		
1943-44.....	242,528,062	91,404,500	37.7
1944-45.....	239,034,320	88,904,500	37.2
1945-46.....	195,475,200	61,304,500	31.4
1946-47.....	187,905,400	58,428,000	31.1
1947-48.....	176,716,900	49,178,000	27.8
1948-49.....	178,133,900	50,928,000	28.6
1949-50.....	179,659,400	53,804,500	29.9
1950-51.....	194,482,200	61,304,500	31.5
1951-52.....	202,750,900	61,336,500	30.3
1952-53.....	211,163,310	61,336,500	29.0
1953-54.....	218,680,938	61,336,500	28.0
1954-55.....	223,589,850	61,336,500	27.4
1955-56.....	237,024,890	61,336,500	25.9
1956-57.....	241,462,490	61,336,500	25.4
	<i>U.G.G. Elevators</i>		
1943-44.....	52,041,300	12,205,000	23.5
1944-45.....	51,970,600	12,205,000	23.5
1945-46.....	44,385,900	8,205,000	18.5
1946-47.....	43,840,900	8,205,000	18.7
1947-48.....	43,876,400	8,205,000	18.7
1948-49.....	44,142,300	8,205,000	18.6
1949-50.....	43,977,300	8,205,000	18.7
1950-51.....	45,055,300	8,205,000	18.2
1951-52.....	48,112,300	9,205,000	19.1
1952-53.....	50,286,300	9,205,000	18.3
1953-54.....	52,728,500	9,205,000	17.5
1954-55.....	53,075,300	9,205,000	17.3
1955-56.....	56,174,950	9,205,000	16.4
1956-57.....	57,084,100	9,205,000	16.1

SOURCE: Board of Grain Commissioners.

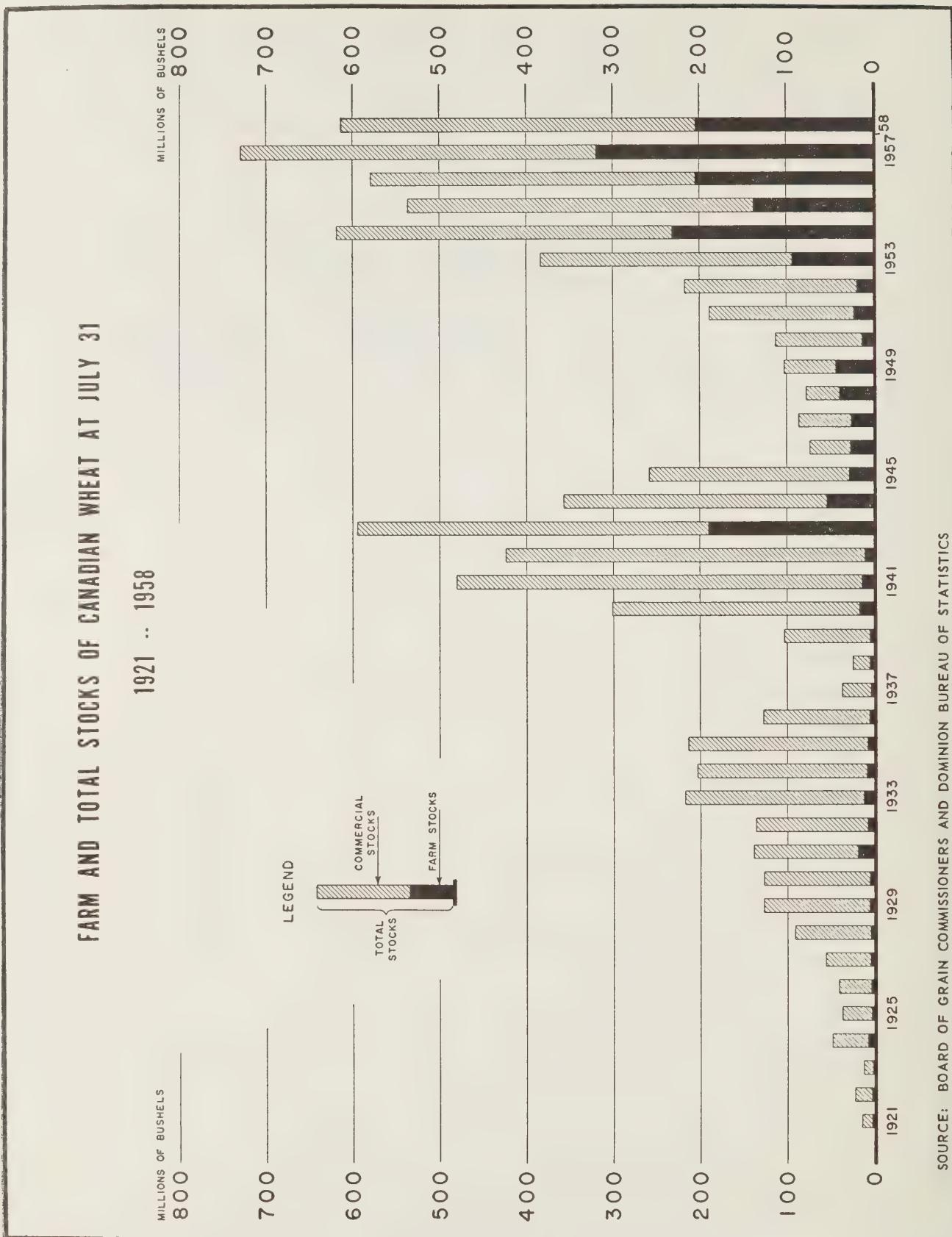
NOTE: Elevator capacity data based on licenses in force at July 31 of the respective crop years.



D-2-h: Average Percentage of Licensed Grain Storage Capacity Occupied in Canada, by Months, "Congested" Period, Crop Years 1952-53 to 1956-57, and "Free Flow" Period, 1945-46 to 1949-50

Months	Average % of Capacity Occupied, 1945-46 to 1949-50	Average % of Capacity Occupied, 1952-53 to 1956-57
	%	%
August.....	25.8	72.3
September.....	42.9	74.5
October.....	51.0	77.3
November.....	47.5	76.0
December.....	44.9	78.3
January.....	41.9	78.1
February.....	37.9	77.3
March.....	33.8	76.3
April.....	29.7	74.2
May.....	24.1	71.2
June.....	20.9	73.5
July.....	18.1	79.8

SOURCE OF DATA: Board of Grain Commissioners.



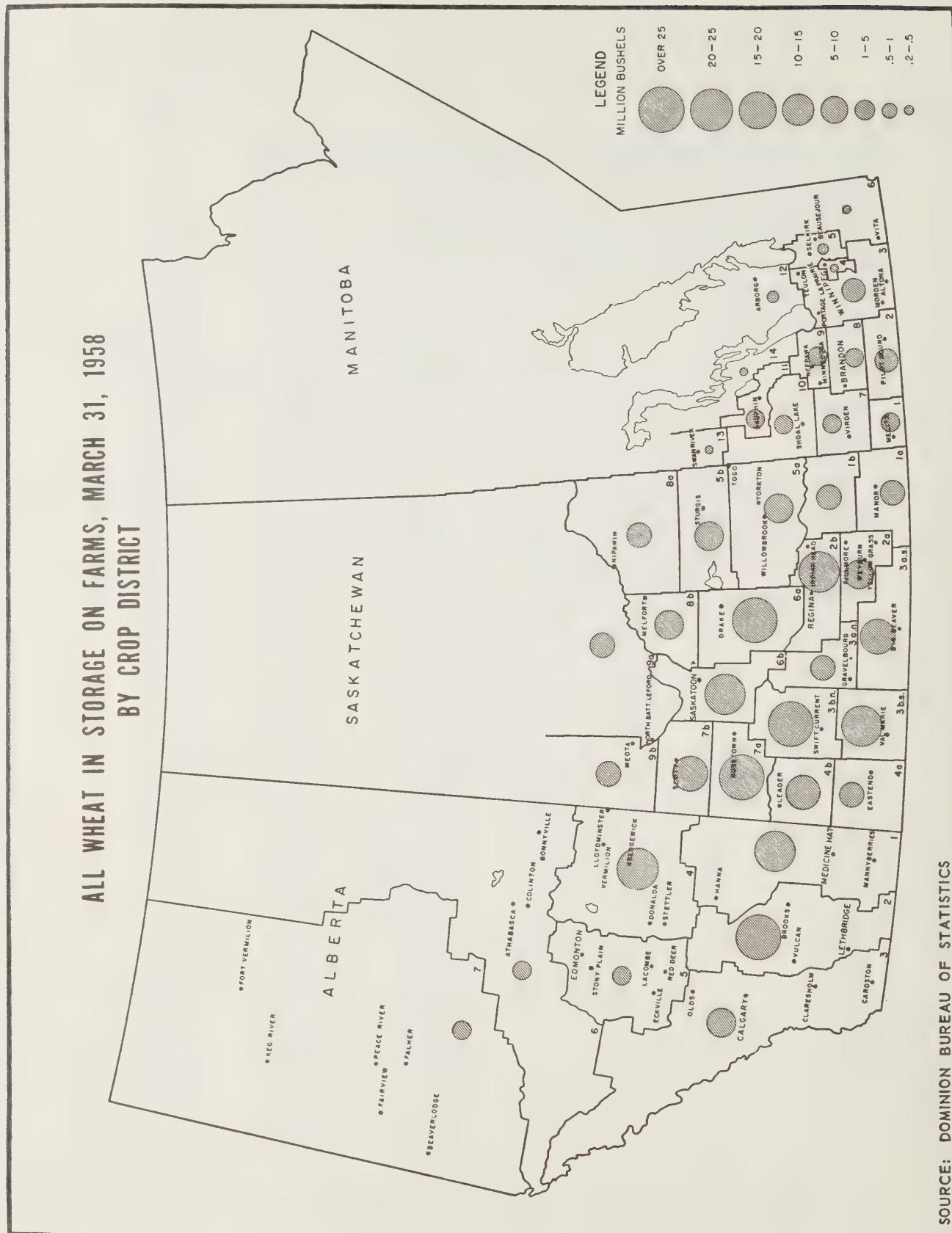
SOURCE: BOARD OF GRAIN COMMISSIONERS AND DOMINION BUREAU OF STATISTICS

*Factual Background Material*

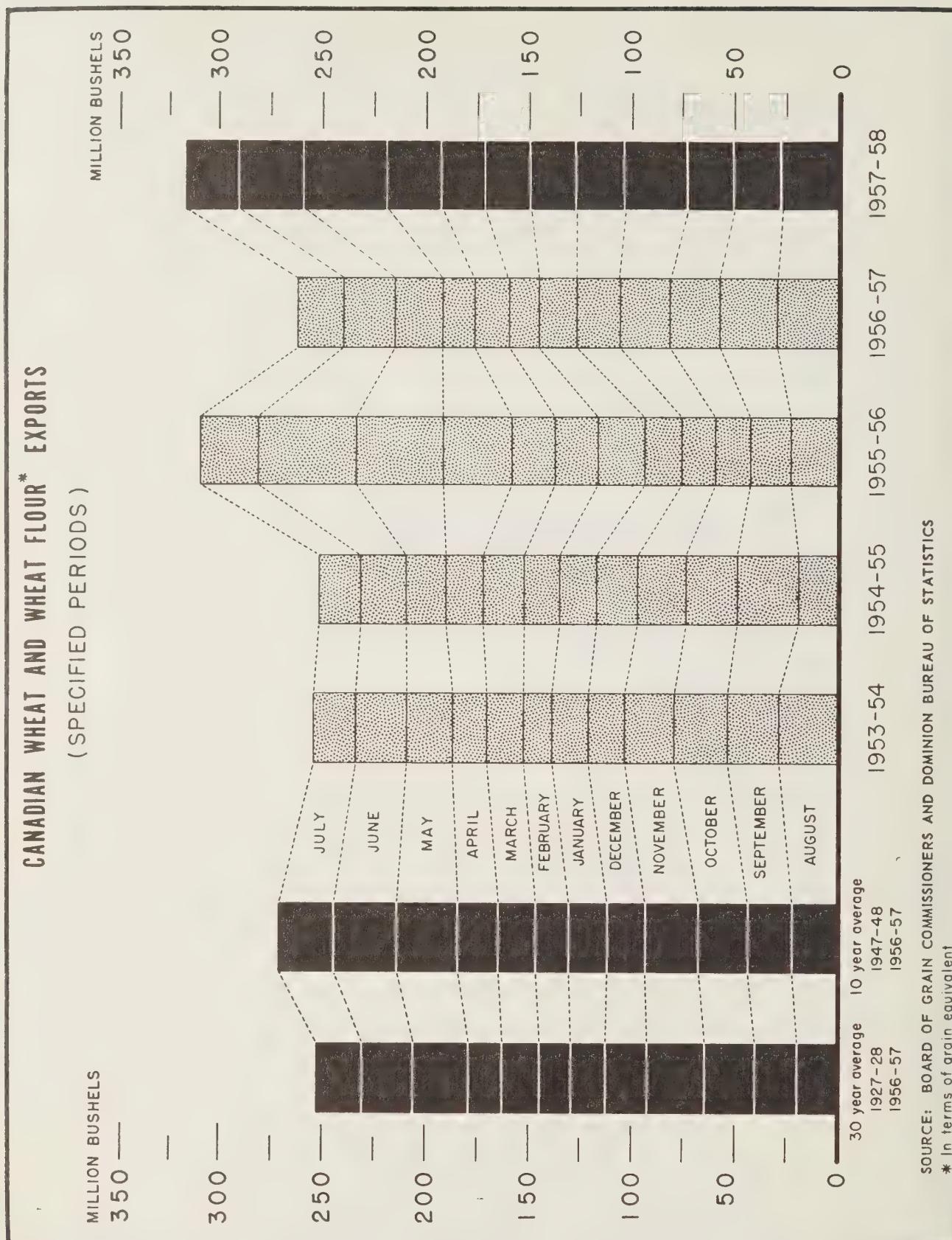
**D-2-i: Farm and Total Stocks of Canadian Wheat at July 31 1921-1958**

	Farm Stocks	Commercial Stocks	Total Stocks
— thousand bushels —			
1921.....	2,144	11,985	14,129
1922.....	2,360	19,789	22,149
1923.....	1,441	10,733	12,174
1924.....	7,363	40,754	48,117
1925.....	2,709	28,032	30,741
1926.....	3,863	36,276	40,139
1927.....	4,243	51,379	55,622
1928.....	4,186	86,971	91,157
1929.....	5,617	121,622	127,239
1930.....	5,326	121,256	126,582
1931.....	19,459	119,139	138,598
1932.....	7,496	128,445	135,941
1933.....	12,340	205,317	217,657
1934.....	8,733	194,169	202,902
1935.....	7,861	205,991	213,852
1936.....	5,520	121,843	127,363
1937.....	3,999	33,050	37,049
1938.....	5,061	19,475	24,536
1939.....	4,682	98,229	102,911
1940.....	17,286	283,187	300,473
1941.....	13,954	466,175	480,129
1942.....	10,446	413,306	423,752
1943.....	190,207	404,419	594,626
1944.....	53,871	302,660	356,531
1945.....	28,650	229,423	258,073
1946.....	27,203	46,397	73,600
1947.....	25,988	60,153	86,141
1948.....	39,162	38,548	77,710
1949.....	43,423	58,988	102,411
1950.....	12,389	99,811	112,200
1951.....	22,260	166,943	189,203
1952.....	19,262	197,916	217,178
1953.....	93,716	289,469	383,185
1954.....	231,860	386,815	618,675
1955.....	137,855	398,893	536,748
1956.....	204,205	375,369	579,574
1957.....	319,160	410,386	729,546
1958.....	203,900	410,864	614,764

SOURCE: Dominion Bureau of Statistics and Board of Grain Commissioners.



NO SUPPORTING STATISTICAL DATA  
SUPPLEMENT THIS CHART



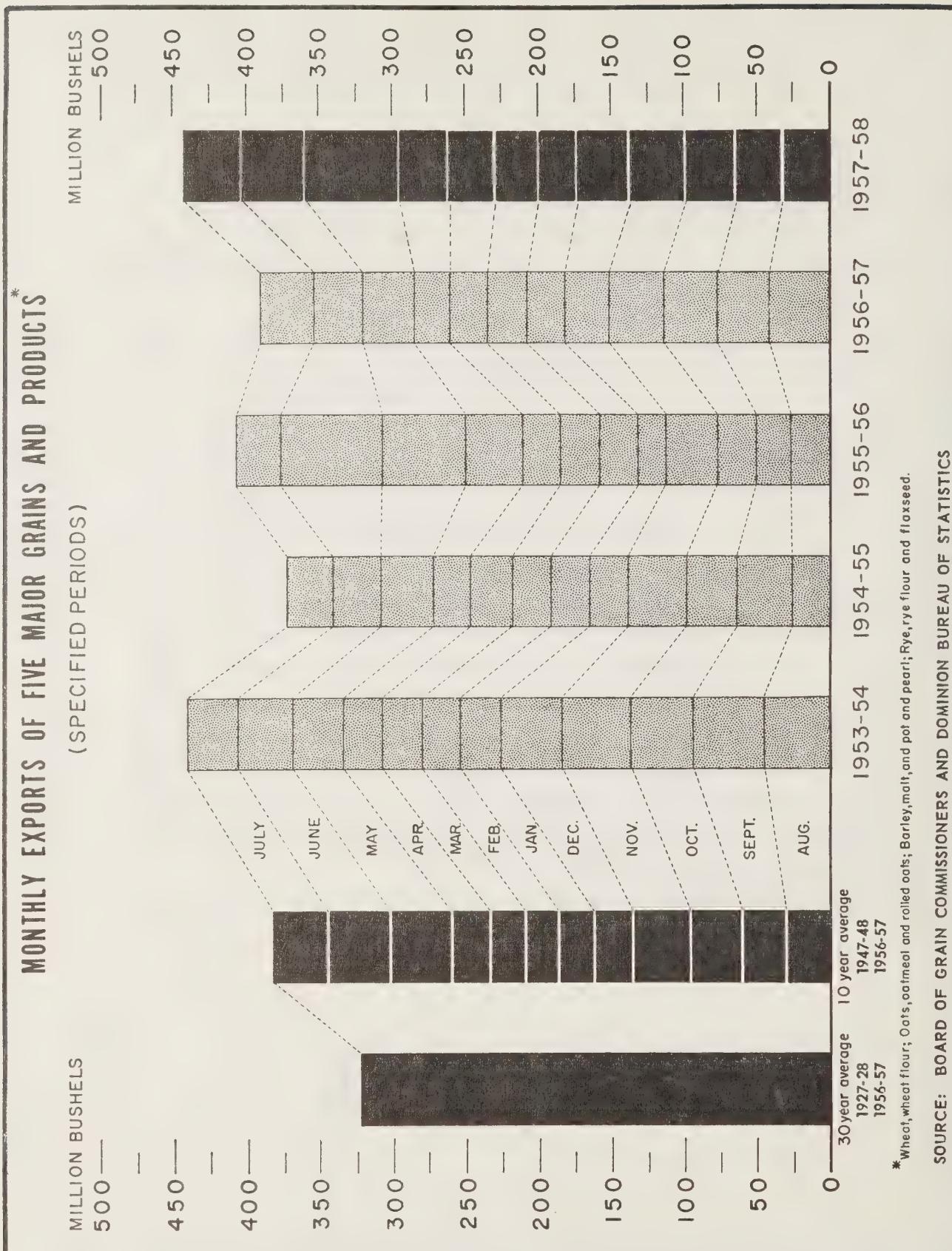
**D-2-k: Cumulative Monthly Exports of Wheat and Wheat Flour<sup>1,2</sup>**

	30-year av.	10-year av.	— thousand bushels —				
	1927-28 1956-57	1947-48 1956-57	1953- 1954	1954- 1955	1955- 1956	1956- 1957	1957- 1958
August.....	19,734	22,095	28,704	19,177	23,250	29,319	27,193
Aug.-Sept.....	39,889	43,898	53,244	48,830	42,235	57,086	51,099
Aug.-Oct.....	64,241	67,112	79,228	73,820	59,817	81,075	72,491
Aug.-Nov.....	92,240	93,668	103,383	97,456	80,543	105,447	103,266
Aug.-Dec.....	112,595	111,562	121,145	116,921	94,105	126,713	127,086
Aug.-Jan.....	129,224	130,176	138,749	134,897	116,375	144,146	149,436
Aug.-Feb.....	144,757	146,675	152,736	152,276	136,967	158,940	170,301
Aug.-Mar.....	162,395	164,585	170,922	172,732	158,082	175,753	193,582
Aug.-Apr.....	178,915	184,207	187,018	190,433	191,596	190,971	219,437
Aug.-May.....	205,737	213,792	209,121	209,654	233,941	214,292	259,571
Aug.-June.....	230,624	244,533	234,297	231,922	281,062	239,343	290,388
Aug.-July.....	252,787	271,273	255,081	251,909	309,181	261,797	315,593

SOURCE: Board of Grain Commissioners and Dominion Bureau of Statistics.

<sup>1</sup>In terms of wheat equivalent.

<sup>2</sup>From 1945-46—1956-57 adjusted to remove effect of time lag in the flour returns made by Customs.



**D-2-1: Monthly Cumulative Exports of Five Major Grains<sup>1</sup> and Products<sup>1,2</sup>**

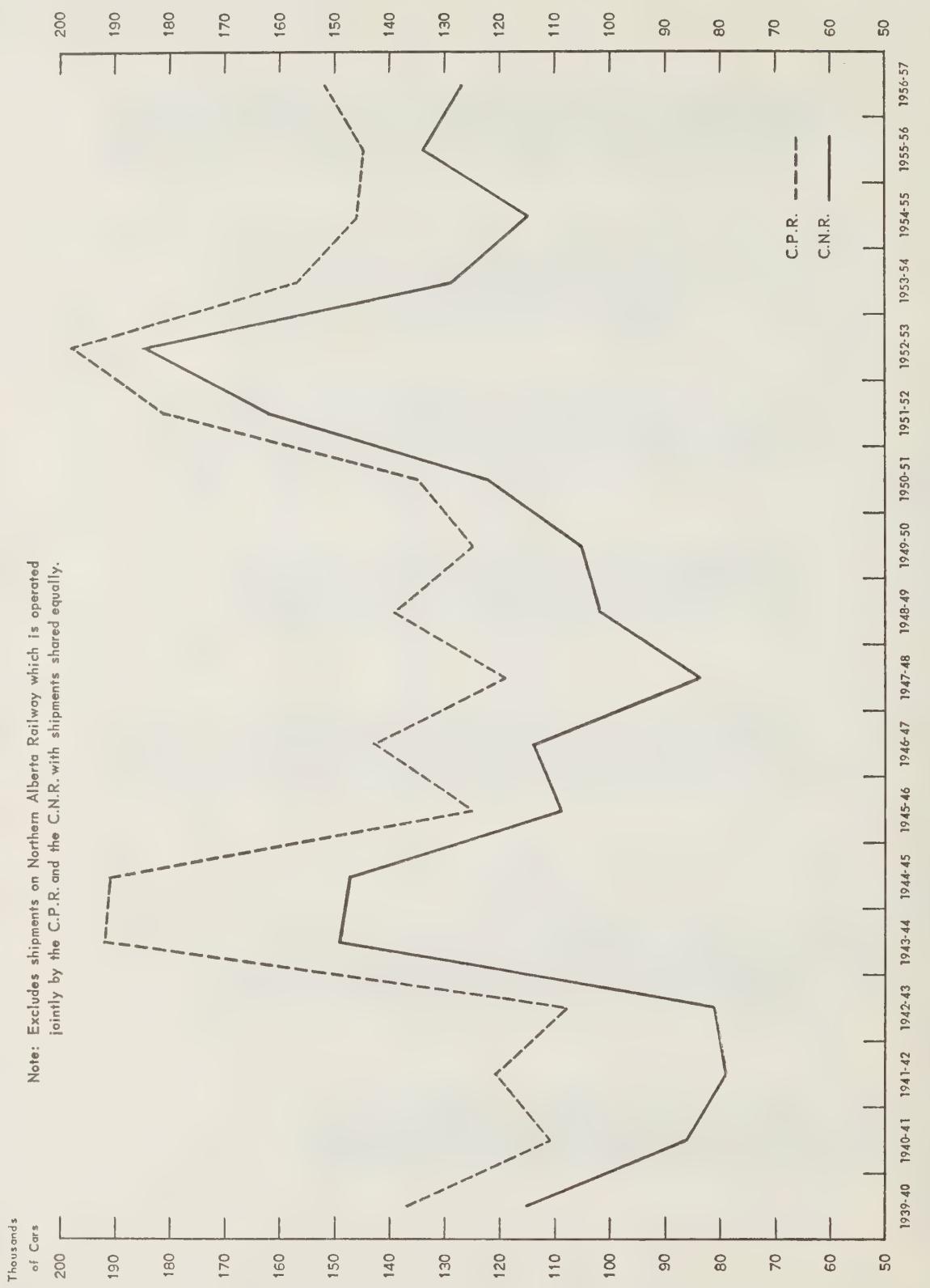
Months	30-year av.		10-year av.		1955-1956	1956-1957	1957-1958
	1927-28 1956-57	1947-48 1956-57	1953-1954	1954-1955			
— thousand bushels —							
August.....	30,340	47,157	26,381	28,248	42,097	33,435	
Aug.-Sept.....	60,425	93,645	64,058	50,075	77,465	63,621	
Aug.-Oct.....	94,712	138,356	98,703	77,613	113,240	97,422	
Aug.-Nov.....	135,355	184,111	138,832	112,478	151,277	138,956	
Aug.-Dec.....	161,573	226,263	165,039	131,095	181,234	171,501	
Aug.-Jan.....	186,636	254,068	191,267	157,822	208,388	199,552	
Aug.-Feb.....	209,546	279,518	218,639	184,336	233,855	229,130	
Aug.-Mar.....	233,433	306,731	247,790	210,215	260,419	259,861	
Aug.-Apr.....	259,548	334,020	272,227	249,708	284,021	294,735	
Aug.-May.....	301,818	368,170	308,297	306,231	320,042	358,503	
Aug.-June.....	343,666	406,186	340,706	365,092	352,995	402,658	
Aug.-July.....	321,107	381,657	441,534	370,690	406,525	389,045	441,170

SOURCE: Board of Grain Commissioners and Dominion Bureau of Statistics.

<sup>1</sup>Wheat, Wheat flour, oats, oatmeal and rolled oats, barley, Pot and Pearl beginning with 1947-48, malt beginning with 1931-32, rye, rye flour to 1948-49, and flaxseed.

<sup>2</sup>In terms of grain equivalent.

**CAR LOADS OF GRAIN IN THE PRAIRIE PROVINCES  
CROP YEARS 1939-40 TO 1956-57 INCLUSIVE**



**D-2-m: Car Lots of Grain Loaded in Prairie Provinces from Crop Year 1939-40 to Crop Year 1956-57, inclusive**

Crop Year	C.N.R.	C.P.R.	Total
1939-40.....	115,203	137,272	252,475
1940-41.....	86,540	110,999	197,539
1941-42.....	78,859	121,103	199,962
1942-43.....	80,937	107,725	188,662
1943-44.....	148,852	191,840	340,692
1944-45.....	147,259	191,237	338,496
1945-46.....	108,910	125,304	234,214
1946-47.....	114,425	142,728	257,153
1947-48.....	84,462	119,458	203,920
1948-49.....	102,222	139,500	241,722
1949-50.....	105,893	125,283	231,176
1950-51.....	121,853	135,018	356,871
1951-52.....	161,911	181,310	343,221
1952-53.....	184,625	197,806	382,431
1953-54.....	129,469	156,816	286,285
1954-55.....	115,264	145,766	261,030
1955-56.....	133,831	144,721	278,552
1956-57.....	126,543	152,459	279,002

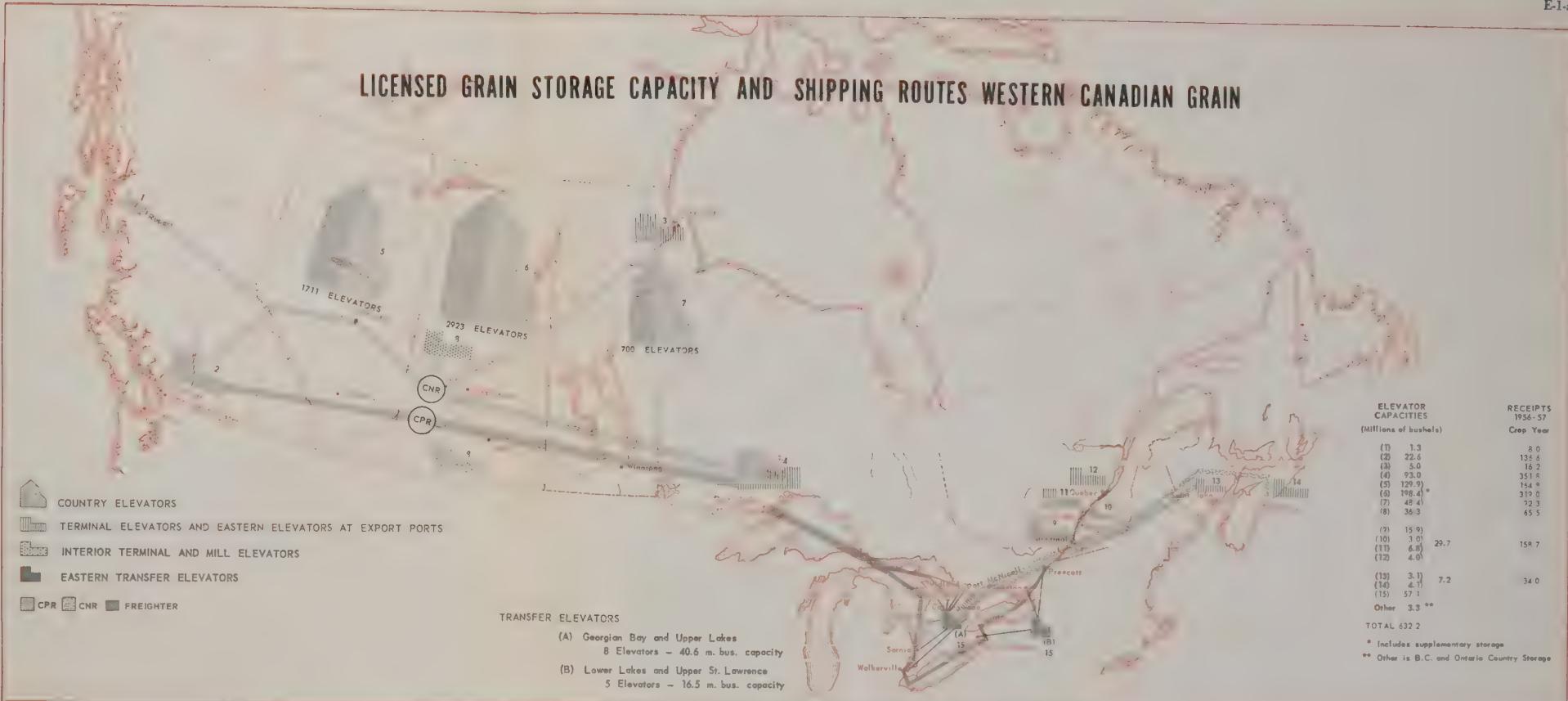
SOURCE: Railway submissions.

This statement does not include Northern Alberta Railway shipments. This line is operated jointly by C.N.R. and C.P.R. and shipments are shared equally between the two railways.

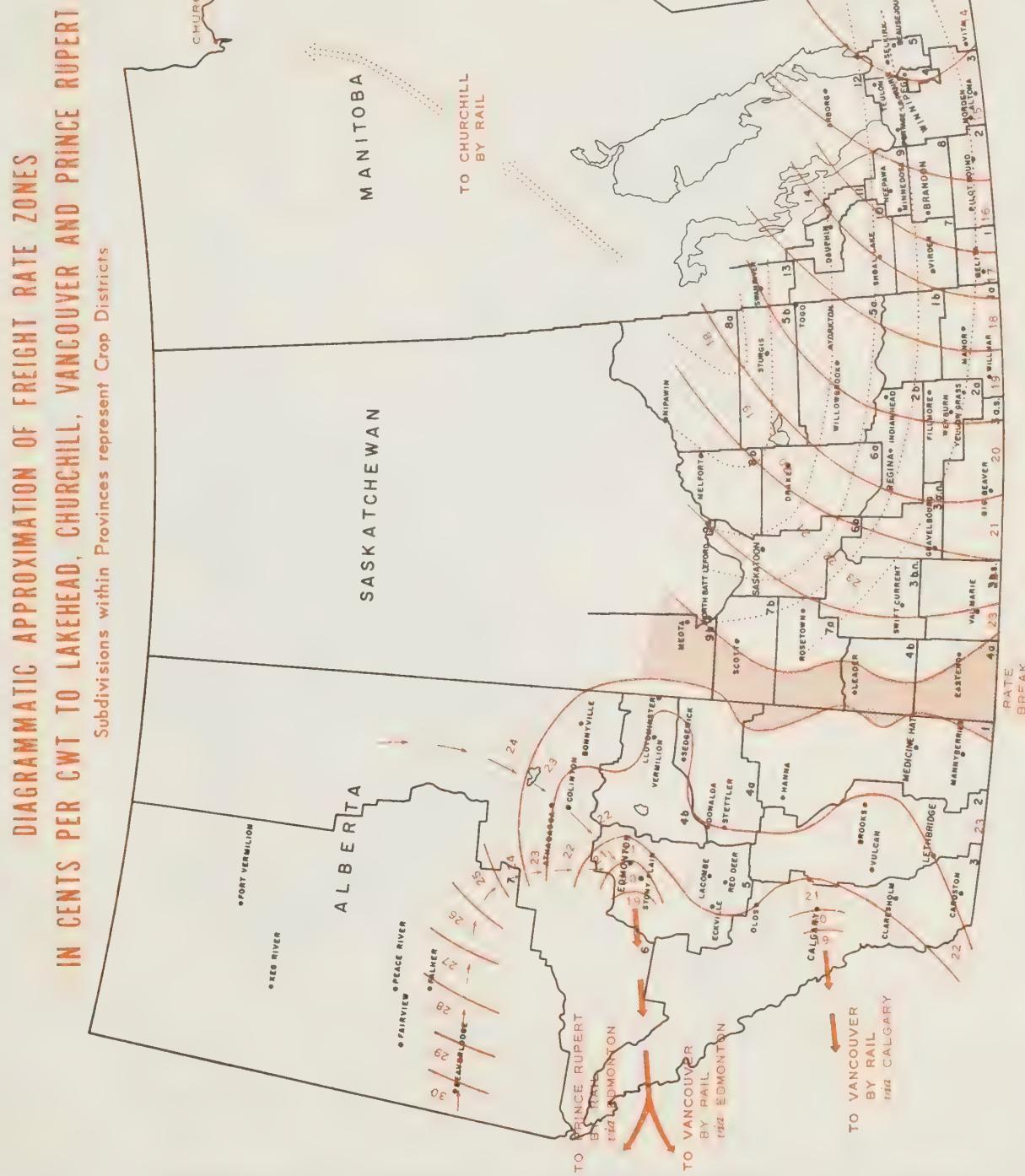
LIST OF MAPS

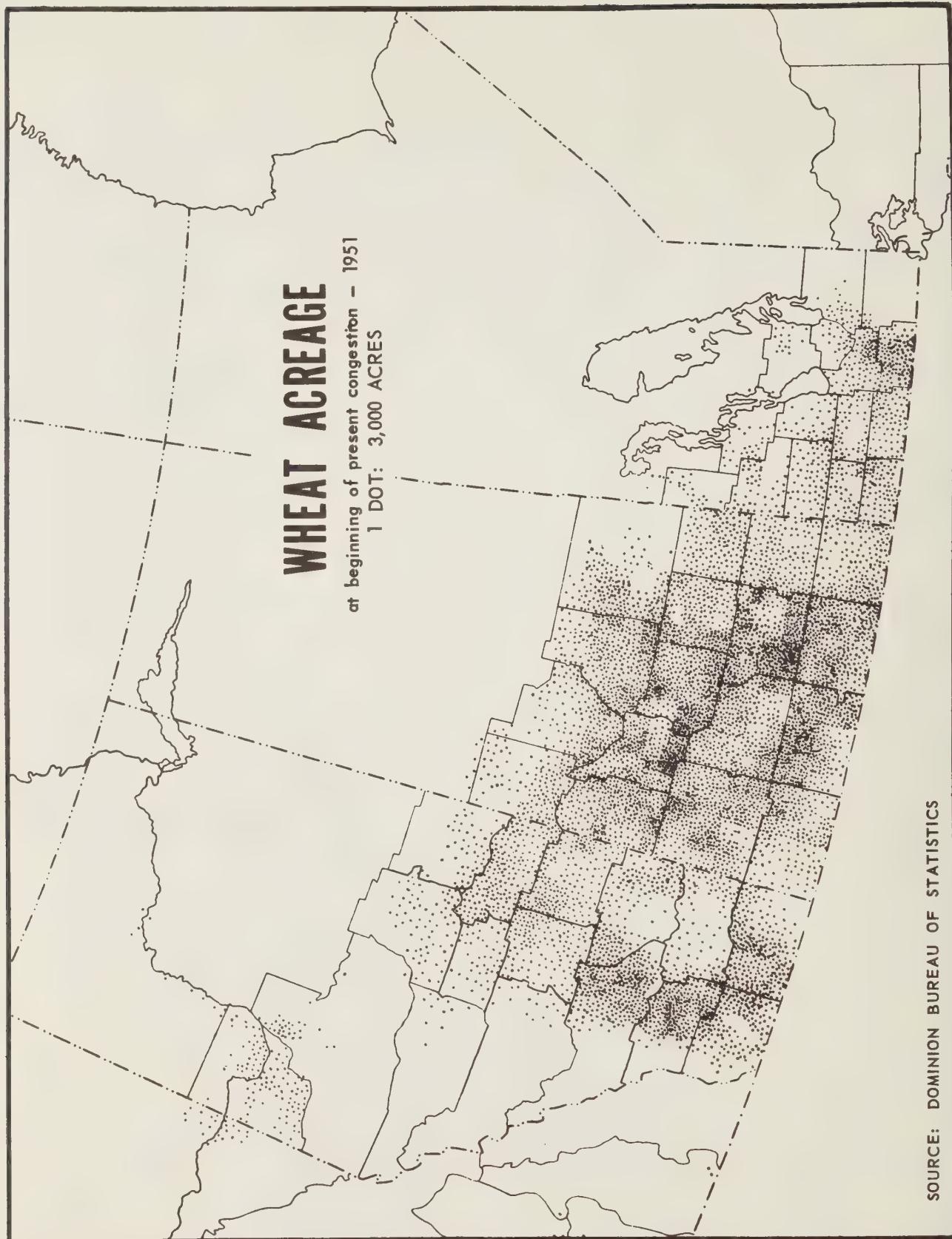
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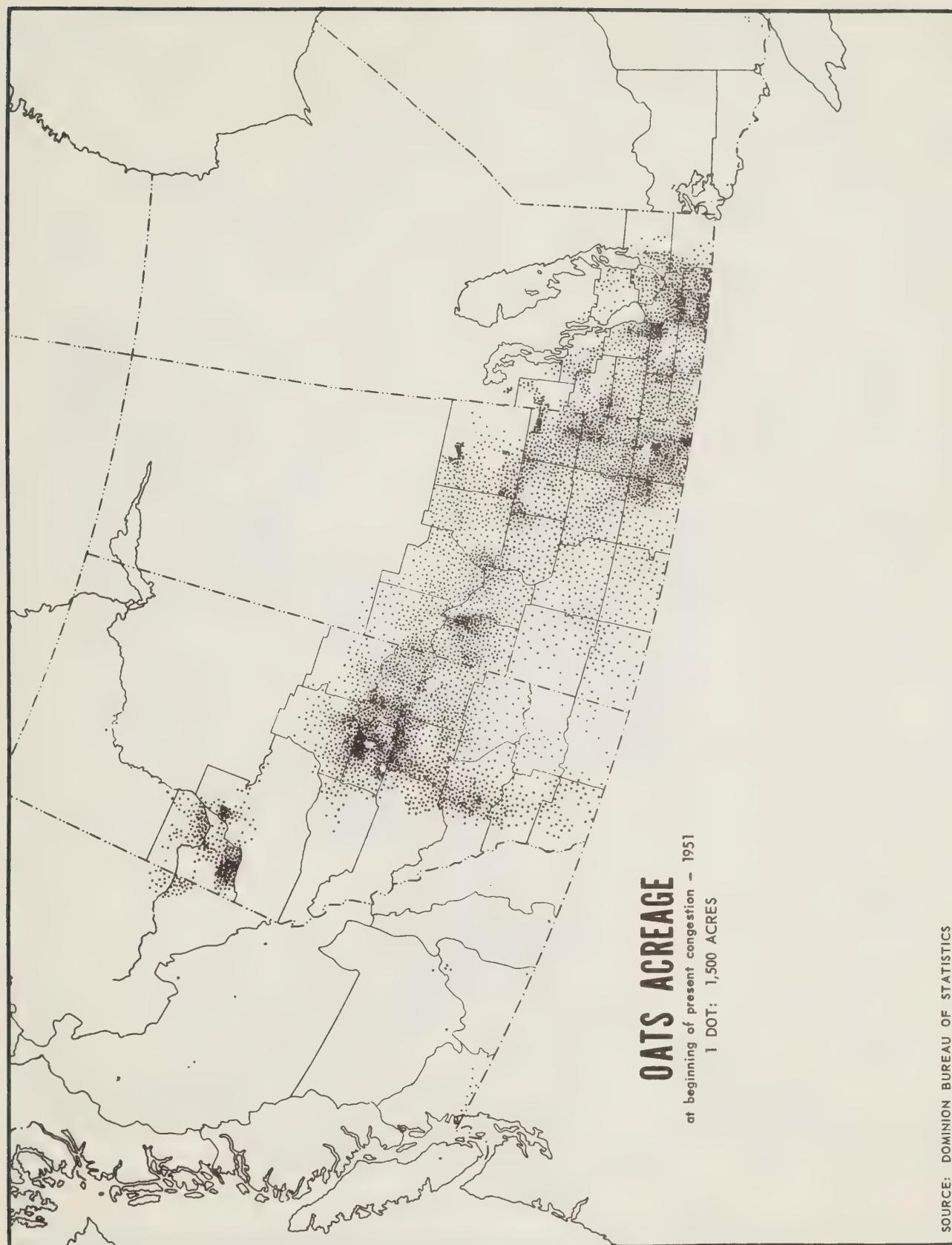
# LICENSED GRAIN STORAGE CAPACITY AND SHIPPING ROUTES WESTERN CANADIAN GRAIN

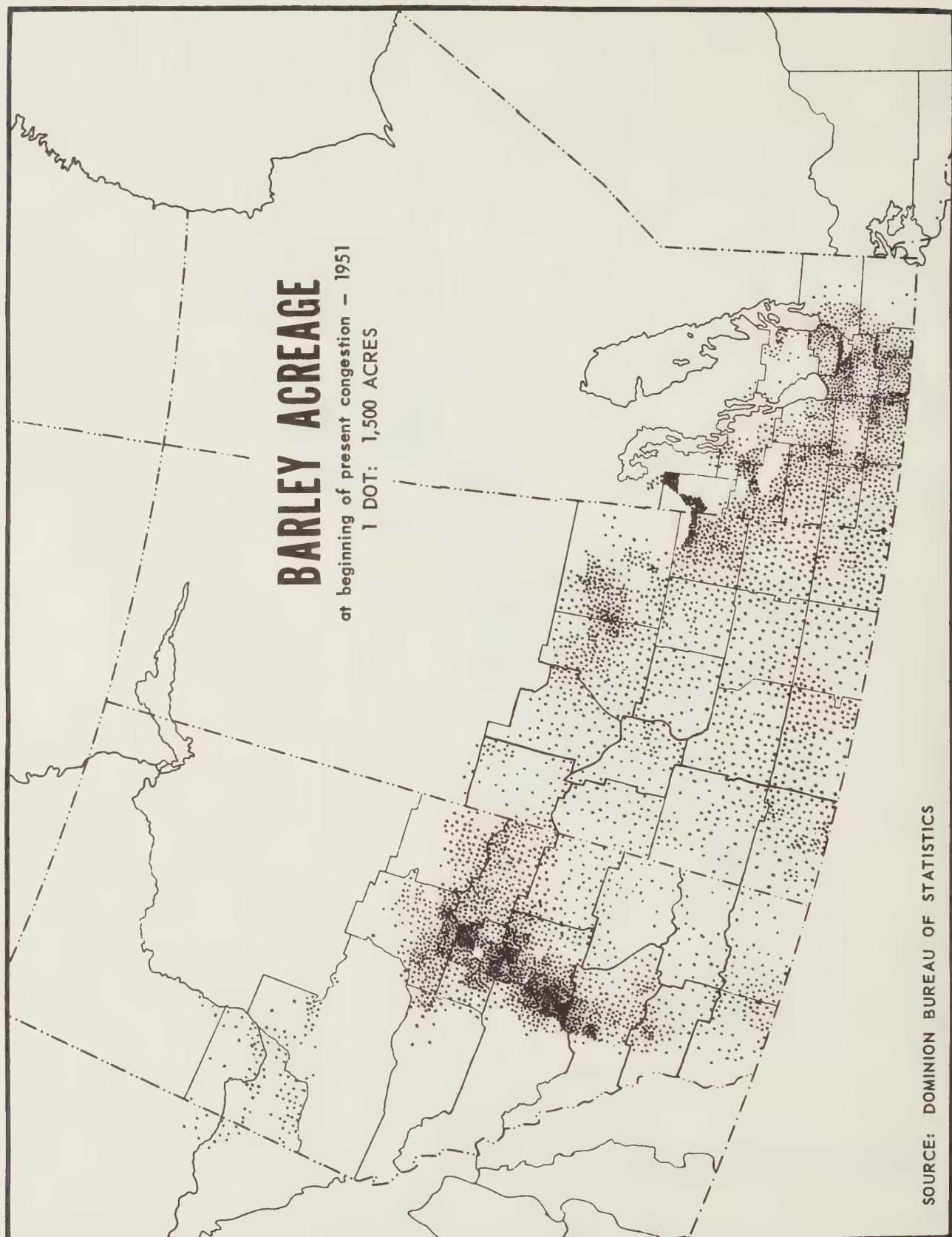


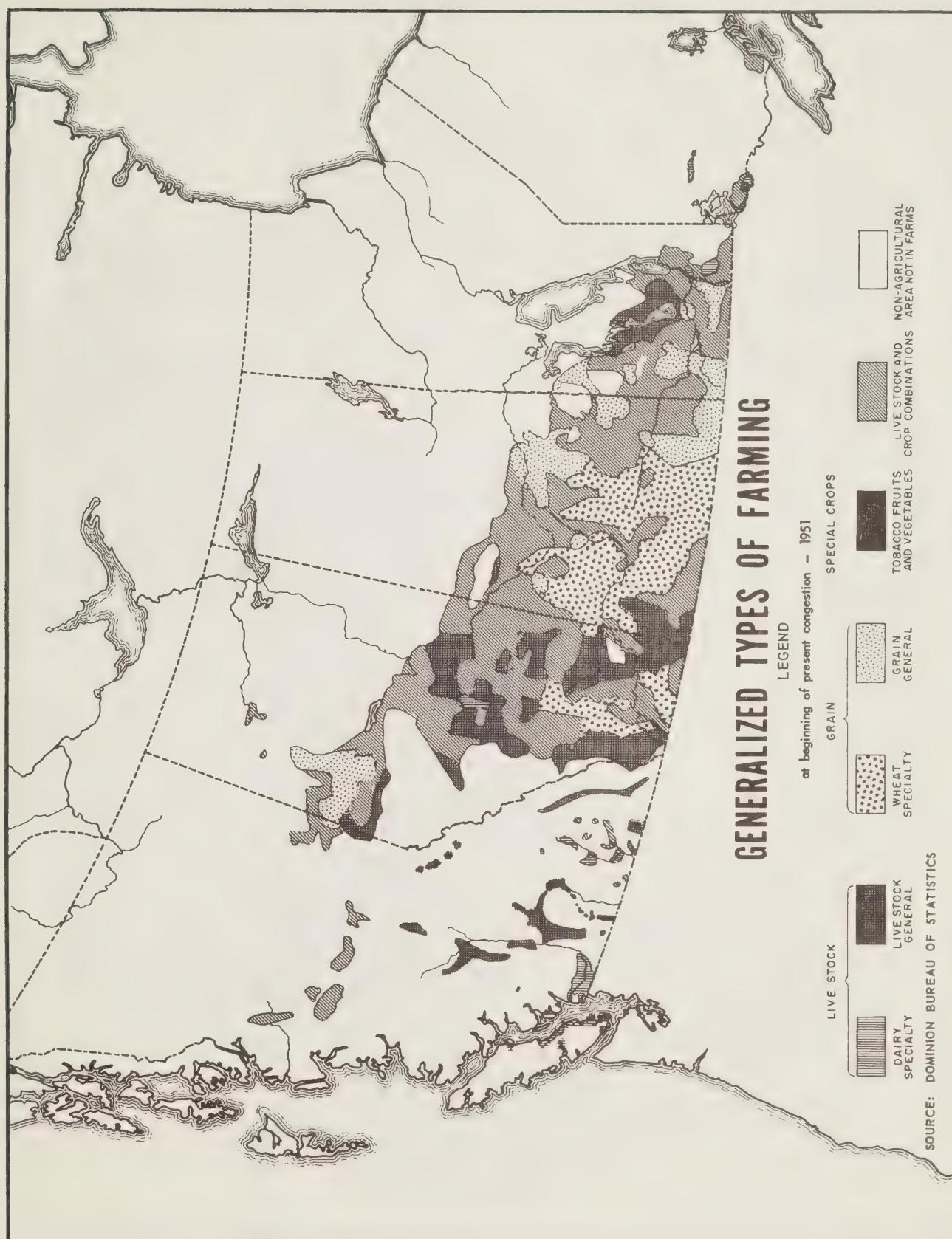




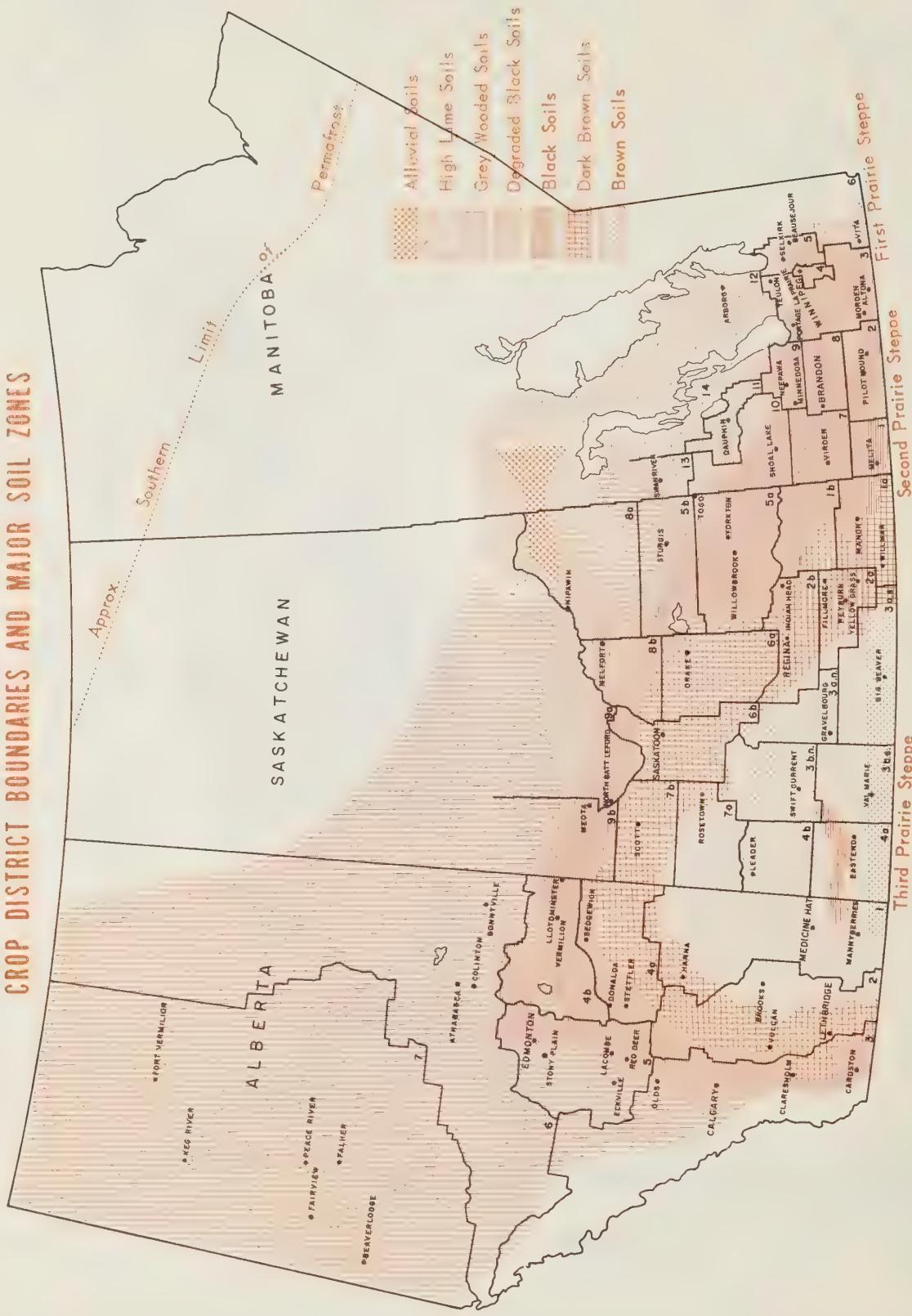




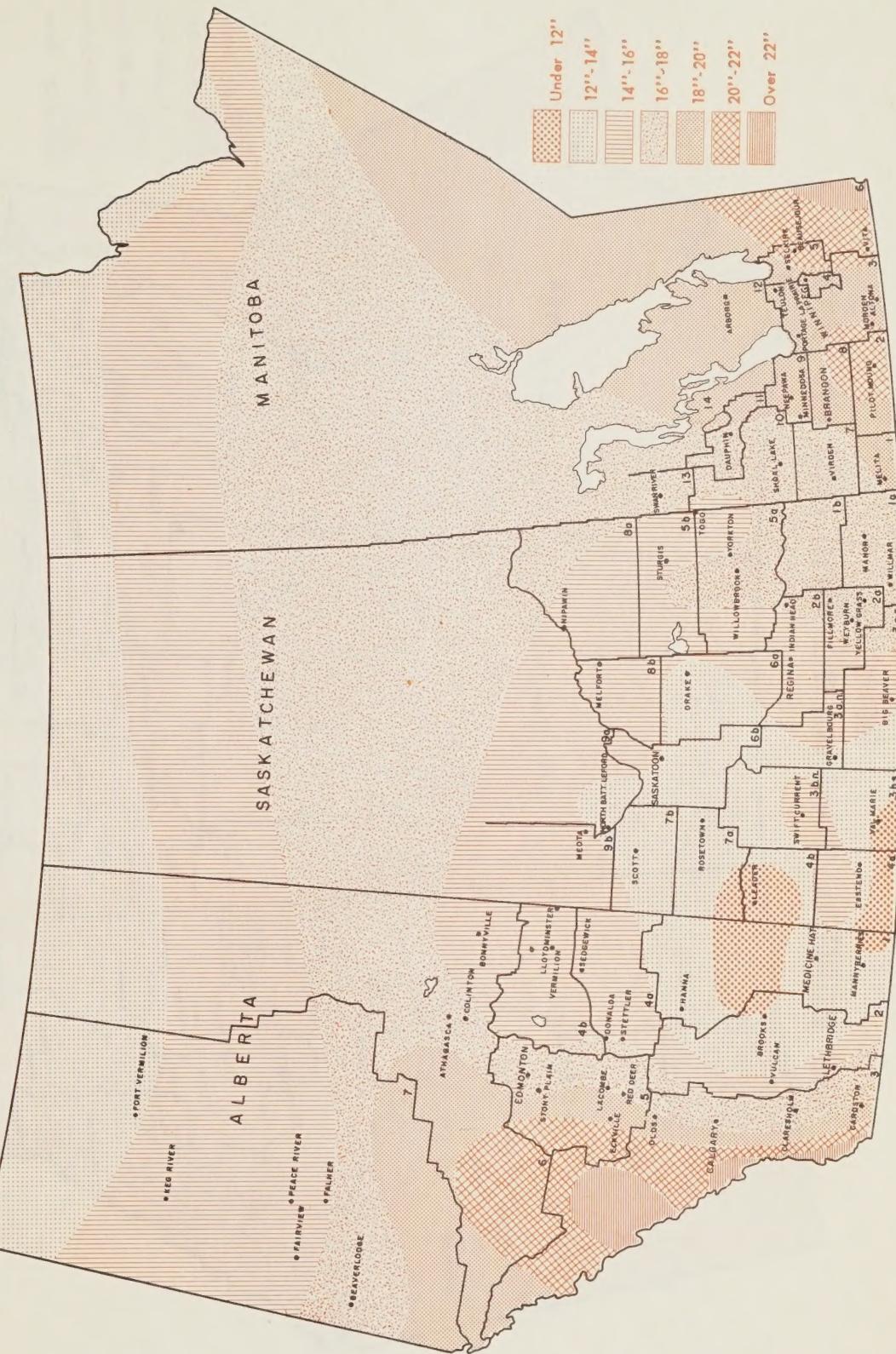




OUTLINE MAP OF THE PRAIRIE PROVINCES  
SHOWING  
DISTRICT BOUNDARIES AND MAJOR SOIL ZONES



OUTLINE MAP OF THE PRAIRIE PROVINCES  
SHOWING

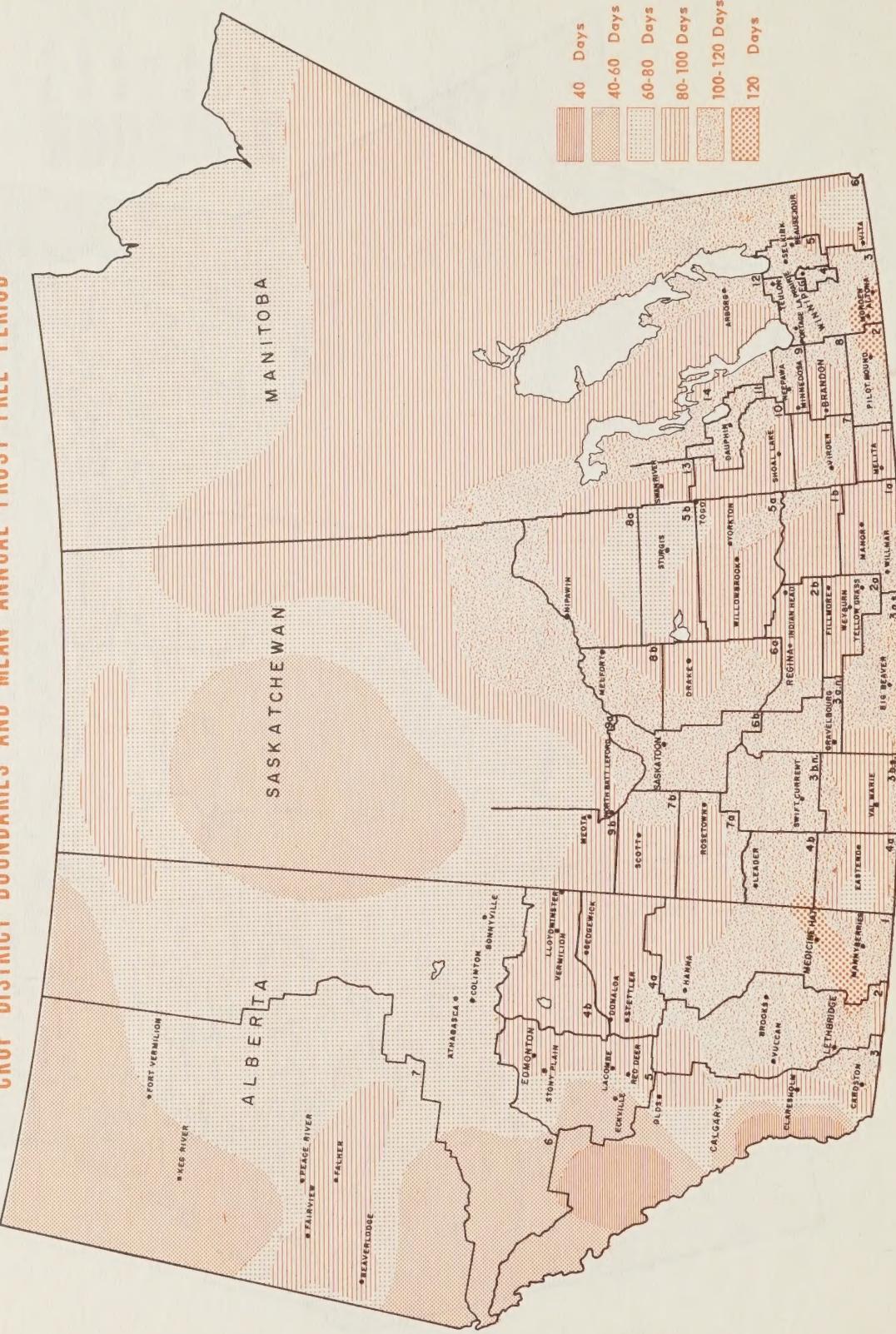


Climatic Information Supplied by Field Husbandry Division, C.E.F.

# OUTLINE MAP OF THE PRAIRIE PROVINCES

SHOWING

## CROP DISTRICT BOUNDARIES AND MEAN ANNUAL FROST FREE PERIOD



Climatic Information Supplied by Field Husbandry Division, C.E.F.



